
A BILL FOR AN ACT

RELATING TO TAXATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that family caregivers
2 are the backbone of the long-term care system in the State.
3 AARP's 2023 report "Valuing the Invaluable" found that 154,000
4 residents of the State provide unpaid caregiving services for a
5 loved one. The report finds that each year, these family
6 caregivers contribute nearly 144,000,000 hours of unpaid
7 services, estimated at a value of \$2,600,000. Caregiving
8 services can range from managing personal finances and
9 transporting for medical visits to providing twenty-four-hour
10 supervision and assisting with bathing, toileting, and dressing
11 so that their loved ones are not prematurely institutionalized
12 and can remain in their homes.

13 The legislature further finds that nonpaid family
14 caregivers face many physical, emotional, and financial
15 challenges and often balance caregiving with work and other
16 personal responsibilities. A 2021 national study found that, on
17 average, family caregivers spend twenty-six per cent of their



1 income on caregiving services; nearly eight in ten caregivers
2 report having routine out-of-pocket expenses related to
3 caregiving; and that these out-of-pocket expenses average \$7,242
4 per year. The legislature believes that the demands on family
5 caregivers are not isolated family issues and that the State
6 should assist in the delivery of meaningful support and
7 solutions for those that provide unpaid long-term care services
8 in the State.

9 Accordingly, the purpose of this Act is to establish a tax
10 credit for nonpaid family caregivers.

11 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
12 amended by adding a new section to be appropriately designated
13 and to read as follows:

14 "§235- Family caregiver tax credit. (a) Each eligible
15 taxpayer subject to the tax imposed by this chapter may claim a
16 refundable family caregiver tax credit against the taxpayer's
17 individual income tax liability, if any, imposed by this chapter
18 for the taxable year in which the credit is properly claimed.

19 (b) The family caregiver tax credit shall be equal to the
20 qualified expenses of the taxpayer, up to a maximum of \$5,000 in
21 any taxable year; provided that married individuals who do not



1 file a joint tax return shall only be entitled to claim the tax
2 credit to the extent that they would have been entitled to claim
3 the tax credit had they filed a joint return.

4 (c) An eligible taxpayer may claim the tax credit for
5 every taxable year or part thereof that the eligible taxpayer:

6 (1) Provides care to a care recipient during the taxable
7 year;

8 (2) Has personally incurred uncompensated expenses
9 directly related to the care of a care recipient; and

10 (3) Has not claimed the care recipient as a dependent for
11 the purpose of a tax deduction in the same taxable
12 year.

13 (d) Only one eligible taxpayer per household may claim a
14 tax credit under this section for any care recipient cared for
15 in a taxable year. Only one tax credit under this section shall
16 be claimed by an eligible taxpayer in any one taxable year,
17 regardless of the number of care recipients receiving care from
18 the eligible taxpayer.

19 (e) The director of taxation:

20 (1) Shall prepare any forms that may be necessary to claim
21 a tax credit under this section;



1 (2) May require the taxpayer to furnish reasonable
2 information to ascertain the validity of the claim for
3 the tax credit made under this section; and

4 (3) May adopt rules pursuant to chapter 91 necessary to
5 carry out this section.

6 (f) If the tax credit claimed by the eligible taxpayer
7 under this section exceeds the amount of income tax payments due
8 from the eligible taxpayer, the excess of credit over payments
9 due shall be refunded to the eligible taxpayer. All claims for
10 the tax credit under this section, including amended claims,
11 shall be filed on or before the end of the twelfth month
12 following the close of the taxable year for which the credit may
13 be claimed. Failure to comply with the foregoing provision
14 shall constitute a waiver of the right to claim the credit.

15 (g) The department of taxation shall report to the
16 legislature, no later than twenty days prior to the convening of
17 each regular session, on the number of eligible taxpayers
18 claiming the tax credit and the total cost of the tax credit
19 under this section to the State during the past year.

20 (h) As used in this section:



1 "Activity of daily living" has the same meaning as defined
2 in section 349-16.

3 "Care recipient" means an individual who:

4 (1) Is a citizen of the United States or a qualified
5 alien; provided that for the purposes of this
6 paragraph, "qualified alien" means a lawfully admitted
7 permanent resident under the Immigration and
8 Nationality Act;

9 (2) Is not covered by any comparable government or private
10 home- and community-based care service, except or
11 excluding kupuna care services;

12 (3) Does not reside in a long-term care facility, such as
13 an intermediate care facility, assisted living
14 facility, skilled nursing facility, hospital, adult
15 foster home, community care foster family home, adult
16 residential care home, expanded adult residential care
17 home, or developmental disabilities domiciliary home;
18 and

19 (4) Has impairments of at least:

20 (A) Two activities of daily living;

21 (B) Two instrumental activities of daily living;



(C) One activity of daily living and one instrumental activity of daily living; or

(D) Substantive cognitive impairment requiring substantial supervision because the individual behaves in a manner that poses a serious health or safety hazard to the individual or another person.

"Care recipient" includes a person with a disability as that term is defined under section 515-2.

"Eligible taxpayer" means any relative of a care recipient who:

(1) Has a federal adjusted gross income of \$75,000 or less, or \$125,000 if filing a joint tax return; and

(2) Has undertaken the care, custody, or physical assistance of the care recipient.

"Instrumental activities of daily living" has the same meaning as defined in section 349-16.

"Kupuna care services" has the same meaning as defined in section 349-16.



1 "Qualified expenses" means costs that are directly incurred
2 by the eligible taxpayer in providing care to a care recipient,
3 including but not limited to:

4 (1) The improvement or alteration to the eligible
5 taxpayer's primary residence to permit the care
6 recipient to live in the residence and remain mobile,
7 safe, and independent, including entrance ramps,
8 safety grab bars by toilets, and the conversion of
9 tubs to accessible showers;

10 (2) The purchase or lease of equipment and supplies,
11 including but not limited to durable medical
12 equipment, incontinent undergarments, and portable
13 commodes, necessary to assist a care recipient in
14 carrying out one or more activities of daily living;
15 and

16 (3) Other paid or incurred expenses by the eligible
17 taxpayer that assists the eligible taxpayer in
18 providing care to a care recipient, such as
19 expenditures related to:

20 (A) Home care aides or chore workers;

21 (B) Respite care;



1 (C) Adult day care or adult day health center

2 services;

3 (D) Personal care attendants;

4 (E) Transportation, including but not limited to
5 paratransit service for non-emergency medical
6 transport;

7 (F) Health care equipment; and

8 (G) Assistive technology, including emergency alert
9 systems and voice activated medication dispensers
10 or reminders.

11 "Relative" means a spouse, child, parent, sibling, legal
12 guardian, a reciprocal beneficiary as defined in section 572C-3,
13 a partner as defined in section 572B-1, or any other person who
14 is related to a care recipient by blood, marriage, or adoption,
15 including a person who has a hanai or substantial familial
16 relationship to the care recipient."

17 SECTION 3. New statutory material is underscored.

18 SECTION 4. This Act, upon its approval, shall apply to
19 taxable years beginning after December 31, 2025.



H.B. NO. 853

INTRODUCED BY:

Garnett M. Stunigz

JAN 21 2025



H.B. NO. 853

Report Title:

DOTAX; Family Caregiver Tax Credit; Report; Kupuna

Description:

Establishes a refundable Family Caregiver Tax Credit for nonpaid family caregivers. Requires the department of taxation to report to the legislature before the convening of each regular session.

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