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## A BILL FOR AN ACT

RELATING TO TAXATION.

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

1        SECTION 1. Chapter 235, Hawaii Revised Statutes, is  
2        amended by adding a new section to be appropriately designated  
3        and to read as follows:

4        **"§235- Paid family and medical leave income tax credit.**  
5        (a) There shall be allowed to each qualified taxpayer subject  
6        to the tax imposed under this chapter, a paid family and medical  
7        leave income tax credit that shall be deductible from the  
8        taxpayer's net income tax liability, if any, imposed by this  
9        chapter for the taxable year in which the credit is properly  
10        claimed.

11        (b) The paid family and medical leave income tax credit  
12        shall be equal to thirty-five per cent of the amount of wages  
13        paid to a qualified employee during the period in which the  
14        qualified employee is on family and medical leave, up to a  
15        maximum of \$4,000 per qualified employee in a taxable year.

16        (c) The maximum amount of time for which a qualified  
17        taxpayer may claim an income tax credit under this section for



1 providing family and medical leave for a qualified employee is  
2 twelve weeks in a twelve-month period.

3 (d) The director of taxation:

4 (1) Shall prepare any forms that may be necessary to claim  
5 a tax credit under this section;  
6 (2) May require the taxpayer to furnish reasonable  
7 information to ascertain the validity of the claim for  
8 the tax credit made under this section; and  
9 (3) May adopt rules under chapter 91 necessary to  
10 effectuate the purposes of this section.

11 (e) If the tax credit under this section exceeds the  
12 taxpayer's income tax liability, the excess of the credit over  
13 liability may be used as a credit against the taxpayer's income  
14 tax liability in subsequent years until exhausted. All claims  
15 for the tax credit under this section, including amended claims,  
16 shall be filed on or before the end of the twelfth month  
17 following the close of the taxable year for which the credit may  
18 be claimed. Failure to comply with the foregoing provision  
19 shall constitute a waiver of the right to claim the credit.

20 (f) As used in this section:

21 "Family and medical leave" means leave from work for:



1       (1) A serious health condition of the employee that  
2       prevents the employee from performing essential job  
3       duties;

4       (2) The birth or adoption of a child of the employee; or  
5       (3) The care of a child, spouse, or parent of the employee  
6       who has a serious health condition.

7       "Family and medical leave" does not include earned sick leave,  
8       earned annual leave, or earned compensatory leave. Family and  
9       medical leave may run concurrently with leave that is required  
10      under state or federal law, including without limitation the  
11      Family and Medical Leave Act of 1993, title 29 United States  
12      Code section 2601 et seq.

13       "Qualified employee" means an employee who has been  
14      employed by a qualified taxpayer for at least twelve consecutive  
15      months.

16       "Qualified taxpayer" means an employer who:

17       (1) Provides full-time qualified employees with at least  
18       two weeks of paid family and medical leave over a  
19       twelve-month period;

20       (2) Provides part-time qualified employees with an amount  
21       of paid family and medical leave that bears the same



1                   ratio to two weeks of family and medical leave as the  
2                   number of hours the part-time qualified employee is  
3                   expected to work in a week bears to the number of  
4                   hours an equivalent full-time qualified employee is  
5                   expected to work during a week;

6                   (3) Provides family and medical leave on the smallest  
7                   increment of time permitted under the employer's  
8                   payroll system; and

9                   (4) Adopts a policy regarding family and medical leave  
10                  that states that the employer shall not:

11                  (A) Interfere with, restrain, or deny the exercise of  
12                  or the attempt to exercise a right provided under  
13                  the employer's family and medical leave policy;  
14                  or

15                  (B) Discharge or in any other manner discriminate  
16                  against an employee for opposing a practice  
17                  prohibited by the policy.

18                  "Serious health condition" means an illness, injury,  
19                  impairment, or physical or mental condition that involves:

20                  (1) Inpatient care in a hospital, hospice, or residential  
21                  medical care facility; or



1                   (2) Continuing treatment by a healthcare provider.

2                   "Wages" means remuneration paid for personal services."

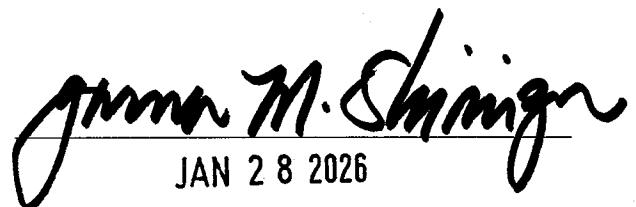
3                   SECTION 2. New statutory material is underscored.

4                   SECTION 3. This Act, upon its approval, shall apply to

5                   taxable years beginning after December 31, 2025.

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INTRODUCED BY:

  
JAN 28 2026



# H.B. NO. 2510

**Report Title:**

Paid Family and Medical Leave Income Tax Credit

**Description:**

Establishes an income tax credit for employers who provide paid family and medical leave for their employees.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

