
A BILL FOR AN ACT

RELATING TO TAXATION.

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

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

"§235- Paid family and medical leave income tax credit.

(a) There shall be allowed to each qualified taxpayer subject to the tax imposed under this chapter, a paid family and medical leave income tax credit that shall be deductible from the taxpayer's net income tax liability, if any, imposed by this chapter for the taxable year in which the credit is properly claimed.

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

(c) The maximum amount of time for which a qualified 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



H.B. NO. 2510

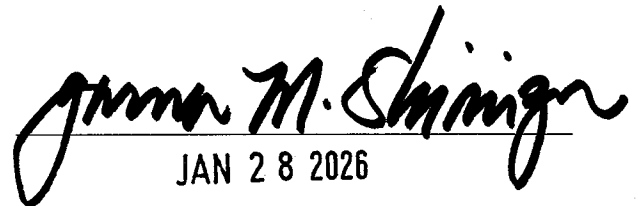
1 (2) Continuing treatment by a healthcare provider.

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.

6
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.

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