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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. The legislature finds that family caregivers  
2 are the backbone of the long-term care system in the State.  
3 AARP's latest report, "Caregiving in the U.S. 2025: Caring  
4 Across States", found that about two hundred sixty thousand  
5 Hawaii residents are family caregivers, providing largely unpaid  
6 and unsupported care to older parents, spouses, and other loved  
7 ones.

8 Family caregivers provide more than \$2,600,000,000 in  
9 unpaid care each year in Hawaii, helping adult family members  
10 live independently at home and in their communities. Caregiving  
11 services can range from managing personal finances and  
12 transporting for medical visits to providing twenty-four-hour  
13 supervision and assisting with bathing, toileting, and dressing  
14 so that their loved ones are not prematurely institutionalized  
15 and can remain in their homes.

16 The legislature further finds that nonpaid family  
17 caregivers face many physical, emotional, and financial



1 challenges and often balance caregiving with work and other  
2 personal responsibilities. A 2021 national study found that, on  
3 average, family caregivers spend twenty-six per cent of their  
4 income on caregiving services; nearly eight in ten caregivers  
5 report having routine out-of-pocket expenses related to  
6 caregiving; and that these out-of-pocket expenses average \$7,242  
7 per year. The legislature believes that the demands on family  
8 caregivers are not isolated family issues and that the State  
9 should assist in the delivery of meaningful support and  
10 solutions for those that provide unpaid long-term care services  
11 in the State.

12 Accordingly, the purpose of this Act is to establish a  
13 nonrefundable tax credit for nonpaid family caregivers.

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

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



1                   (b) The family caregiver tax credit shall be equal to  
2                   seventy-five per cent of the qualified expenses of the eligible  
3                   taxpayer, up to a maximum of \$3,000 in any taxable year;  
4                   provided that married individuals who do not file a joint tax  
5                   return shall only be entitled to claim the tax credit to the  
6                   extent that they would have been entitled to claim the tax  
7                   credit had they filed a joint return.

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

10                  (1) Provides care to a care recipient during the taxable  
11                  year;  
12                  (2) Has personally incurred uncompensated expenses  
13                  directly related to the care of a care recipient; and  
14                  (3) Has not claimed the care recipient as a dependent for  
15                  the purpose of a tax deduction in the same taxable  
16                  year.

17                  (d) Only one eligible taxpayer per household may claim a  
18                  tax credit under this section for any care recipient cared for  
19                  in a taxable year. Only one tax credit under this section shall  
20                  be claimed by an eligible taxpayer in any one taxable year,



1 regardless of the number of care recipients receiving care from  
2 the eligible taxpayer.

3 (e) 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, including a  
9 letter from a licensed health care provider confirming  
10 that the care recipient meets the criteria of the  
11 definition of that term in subsection (i); and  
12 (3) Shall adopt rules pursuant to chapter 91 necessary to  
13 carry out this section.

14 (f) The credit authorized by this section may not be used  
15 to reduce the tax liability of the taxpayer to less than \$0. If  
16 the tax credit under this section exceeds the taxpayer's net  
17 income tax liability, the excess of the credit over liability  
18 shall not be carried over to subsequent years. All claims for  
19 the tax credit under this section, including amended claims,  
20 shall be filed on or before the end of the twelfth month  
21 following the close of the taxable year for which the credit may



1 be claimed. Failure to comply with the foregoing provision  
2 shall constitute a waiver of the right to claim the credit.

3 (g) A taxpayer may not claim qualified expenses under this  
4 section that are claimed as expenses for household and dependent  
5 care services necessary for gainful employment under section  
6 235-55.6.

7 (h) The department of taxation shall submit a report to  
8 the legislature no later than twenty days prior to the convening  
9 of each regular session on the number of eligible taxpayers  
10 claiming the tax credit and the total cost of the tax credit  
11 under this section to the State during the preceding taxable  
12 year.

13 (i) For the purposes of this section:

14 "Activities of daily living" has the same meaning as  
15 defined in section 349-16.

16 "Care recipient" means an individual who:

17 (1) Is a citizen of the United States or a qualified  
18 alien; provided that for the purposes of this  
19 paragraph, "qualified alien" means a lawfully admitted  
20 permanent resident under the Immigration and  
21 Nationality Act;



1                   (2) Does not reside in a long-term care facility, such as  
2                   an intermediate care facility, assisted living  
3                   facility, skilled nursing facility, hospital, adult  
4                   foster home, community care foster family home, adult  
5                   residential care home, expanded adult residential care  
6                   home, or developmental disabilities domiciliary home;  
7                   and

8                   (3) Has impairments of at least one of the following:  
9                   (A) Two activities of daily living;  
10                   (B) Two instrumental activities of daily living;  
11                   (C) One activity of daily living and one instrumental  
12                   activity of daily living; or  
13                   (D) Substantive cognitive impairment requiring  
14                   substantial supervision because the individual  
15                   behaves in a manner that poses a serious health  
16                   or safety hazard to the individual or another  
17                   person.

18                   "Care recipient" includes a person with a disability, as  
19                   disability is defined under section 515-2.

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



1       (1) Has a federal adjusted gross income of \$75,000 or  
2       less, or \$125,000 if filing a joint tax return; and  
3       (2) Has undertaken the care, custody, or physical  
4       assistance of the care recipient.

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

7       "Licensed health care provider" means a physician or an  
8       osteopathic physician licensed under chapter 453, a physician  
9       assistant licensed under chapter 453, or an advanced practice  
10      registered nurse licensed under chapter 457.

11      "Qualified expenses" means out-of-pocket expenses directly  
12      incurred by the eligible taxpayer in providing care to a care  
13      recipient that have not been reimbursed, credited, paid, or  
14      otherwise covered by another individual, organization, provider,  
15      or government entity. "Qualified expenses" include but are not  
16      limited to:

17      (1) The improvement of or alteration to the eligible  
18      taxpayer's primary residence in order to permit the  
19      care recipient to live in the residence and remain  
20      mobile, safe, and independent, including entrance



1                   ramps, safety grab bars by toilets, and the conversion  
2                   of tubs to accessible showers;

3                   (2) The purchase or lease of equipment and supplies,  
4                   including but not limited to durable medical equipment  
5                   and portable commodes, necessary to assist a care  
6                   recipient in carrying out one or more activities of  
7                   daily living; and

8                   (3) Other expenses paid or incurred by the eligible  
9                   taxpayer that assists the eligible taxpayer in  
10                   providing care to a care recipient, such as  
11                   expenditures related to:

12                   (A) Home care aides or chore workers;

13                   (B) Respite care;

14                   (C) Adult day care or adult day health center  
15                   services;

16                   (D) Personal care attendants;

17                   (E) Transportation, including but not limited to  
18                   paratransit service for non-emergency medical  
19                   transport;

20                   (F) Health care equipment; and



1                   (G) Assistive technology, including emergency alert  
2                   systems and voice activated medication dispensers  
3                   or reminders.

4                   "Relative" means a spouse, child, parent, sibling, legal  
5                   guardian, reciprocal beneficiary as defined in section 572C-3,  
6                   partner as defined in section 572B-1, or any other person who is  
7                   related to a care recipient by blood, marriage, or adoption,  
8                   including a person who has a hanai or substantial familial  
9                   relationship to the care recipient."

10                  SECTION 3. There is appropriated out of the general  
11                  revenues of the State of Hawaii the sum of \$100,000 or so much  
12                  thereof as may be necessary for fiscal year 2026-2027 for  
13                  infrastructure development and implementation of the family  
14                  caregiver tax credit.

15                  The sum appropriated shall be expended by the department of  
16                  taxation for the purposes of this Act.

17                  SECTION 4. New statutory material is underscored.

18                  SECTION 5. This Act shall take effect on July 1, 3000;  
19                  provided that:

20                  (1) Section 2 shall apply to taxable years beginning after  
21                  December 31, 2026; and



1 (2) Section 3 shall take effect on July 1, 2026.



**Report Title:**

Kupuna Caucus; DOTAX; Family Caregiver Tax Credit; Report; Appropriation

**Description:**

Establishes a family caregiver tax credit for nonpaid family caregivers. Requires the Department of Taxation to submit annual reports to the Legislature. Appropriates funds. Applies to taxable years beginning after 12/31/2026. Effective 7/1/3000. (HD1)

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

