
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)

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