

JAN 23 2026

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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 260,000 Hawaii residents are  
5 family caregivers, providing largely unpaid and unsupported care  
6 to older parents, spouses, and other loved one.

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

15           The legislature further finds that nonpaid family  
16 caregivers face many physical, emotional, and financial  
17 challenges and often balance caregiving with work and other



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

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

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

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



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

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

9            (1) Provides care to a care recipient during the taxable  
10            year;

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

13            (3) Has not claimed the care recipient as a dependent for  
14            the purpose of a tax deduction in the same taxable  
15            year.

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



- 1        (e) The director of taxation:
- 2        (1) Shall prepare any forms that may be necessary to claim
- 3        a tax credit under this section;
- 4        (2) May require the taxpayer to furnish reasonable
- 5        information to ascertain the validity of the claim for
- 6        the tax credit made under this section, including a
- 7        letter from a licensed health care provider confirming
- 8        that the care recipient meets the criteria of the
- 9        definition of that term in subsection (h); and
- 10       (3) Shall adopt rules pursuant to chapter 91 necessary to
- 11       carry out this section.
- 12       (f) The credit authorized by this section may not be used
- 13 to reduce the tax liability of the taxpayer to less than zero
- 14 dollars. If the tax credit under this section exceeds the
- 15 taxpayer's net income tax liability, the excess of the credit
- 16 over liability shall not be carried over to subsequent years.
- 17 All claims for the tax credit under this section, including
- 18 amended claims, shall be filed on or before the end of the
- 19 twelfth month following the close of the taxable year for which
- 20 the credit may be claimed. Failure to comply with the foregoing



1 provision shall constitute a waiver of the right to claim the  
2 credit.

3 (g) The department of taxation shall submit a report to  
4 the legislature no later than twenty days prior to the convening  
5 of each regular session on the number of eligible taxpayers  
6 claiming the tax credit and the total cost of the tax credit  
7 under this section to the State during the past year.

8 (h) For the purposes of this section:

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

11 "Care recipient" means an individual who:

12 (1) Is a citizen of the United States or a qualified  
13 alien; provided that for the purposes of this  
14 paragraph, "qualified alien" means a lawfully admitted  
15 permanent resident under the Immigration and  
16 Nationality Act;

17 (2) Does not reside in a long-term care facility, such as  
18 an intermediate care facility, assisted living  
19 facility, skilled nursing facility, hospital, adult  
20 foster home, community care foster family home, adult  
21 residential care home, expanded adult residential care



1           home, or developmental disabilities domiciliary home;

2           and

3           (3) Has impairments of at least one of the following:

4           (A) Two activities of daily living;

5           (B) Two instrumental activities of daily living;

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

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

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

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

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

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



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

3       "Licensed health care provider" means a physician or an  
4 osteopathic physician licensed under chapter 453, a physician  
5 assistant licensed under chapter 453, or an advanced practice  
6 registered nurse licensed under chapter 457.

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

13       (1) The improvement of or alteration to the eligible  
14 taxpayer's primary residence in order to permit the  
15 care recipient to live in the residence and remain  
16 mobile, safe, and independent, including entrance  
17 ramps, safety grab bars by toilets, and the conversion  
18 of tubs to accessible showers;

19       (2) The purchase or lease of equipment and supplies,  
20 including but not limited to durable medical equipment  
21 and portable commodes, necessary to assist a care



1           recipient in carrying out one or more activities of  
2           daily living; and

3           (3) Other expenses paid or incurred by the eligible  
4           taxpayer that assists the eligible taxpayer in  
5           providing care to a care recipient, such as  
6           expenditures related to:

7           (A) Home care aides or chore workers;

8           (B) Respite care;

9           (C) Adult day care or adult day health center  
10           services;

11           (D) Personal care attendants;

12           (E) Transportation, including but not limited to  
13           paratransit service for non-emergency medical  
14           transport;

15           (F) Health care equipment; and

16           (G) Assistive technology, including emergency alert  
17           systems and voice activated medication dispensers  
18           or reminders.

19           "Relative" means a spouse, child, parent, sibling, legal  
20           guardian, reciprocal beneficiary as defined in section 572C-3,  
21           partner as defined in section 572B-1, or any other person who is



1 related to a care recipient by blood, marriage, or adoption,  
2 including a person who has a hanai or substantial familial  
3 relationship to the care recipient."

4 SECTION 3. There is appropriated out of the general  
5 revenues of the State of Hawaii the sum of \$3,100,000 or so much  
6 thereof as may be necessary for fiscal year 2026-2027 to be  
7 allocated as follows:

- 8 (1) \$100,000 for infrastructure development and  
9 implementation of the family caregiver tax credit; and  
10 (2) \$3,000,000 for the certification of claims for tax  
11 credits under the family caregiver tax credit.

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

14 SECTION 4. New statutory material is underscored.

15 SECTION 5. This Act shall take effect upon its approval;  
16 provided that:

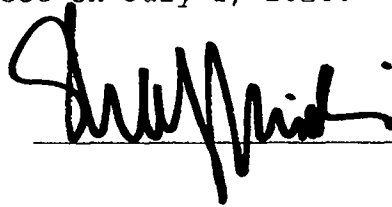
- 17 (1) Section 2 shall apply to taxable years beginning after  
18 December 31, 2026; and



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

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INTRODUCED BY:

  
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# S.B. NO. 2863

**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 moneys. The tax credit applies to taxable years beginning after 12/31/2026.

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

