

JAN 19 2024

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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 2023 report "Valuing the Invaluable" found that 154,000  
4 residents of the State provide unpaid caregiving services for a  
5 loved one. The report finds that each year, these family  
6 caregivers contribute nearly one hundred forty-four million  
7 hours of unpaid services, estimated at a value of \$2,600,000.  
8 Caregiving services can range from managing personal finances  
9 and transporting for medical visits to providing twenty-four-  
10 hour supervision and assisting with bathing, toileting, and  
11 dressing so that their loved ones are not prematurely  
12 institutionalized and can remain in their homes.

13           The legislature further finds that nonpaid family  
14 caregivers face many physical, emotional, and financial  
15 challenges and often balance caregiving with work and other  
16 personal responsibilities. A 2021 national study found that, on  
17 average, family caregivers spend twenty-six per cent of their



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

9 Accordingly, the purpose of this Act is to establish a tax  
10 credit for nonpaid family caregivers.

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

14 "§235- Family caregiver tax credit. (a) There shall be  
15 allowed to each eligible taxpayer subject to the tax imposed by  
16 this chapter a family caregiver tax credit that shall be  
17 deductible from the taxpayer's net income tax liability, if any,  
18 imposed by this chapter for the taxable year in which the credit  
19 is properly claimed.

20 (b) The family caregiver tax credit shall be equal to the  
21 qualified expenses of the taxpayer, up to a maximum of \$5,000 in



1 any taxable year; provided that married individuals filing  
2 separate tax returns for a taxable year for which a joint return  
3 could have been filed by them shall claim only the tax credit to  
4 which they would have been entitled had a joint return been  
5 filed.

6 (c) An eligible taxpayer may claim the tax credit for  
7 every taxable year or part thereof that the eligible taxpayer  
8 provides care to a care recipient during the taxable year; has  
9 personally incurred uncompensated expenses directly related to  
10 the care of a care recipient; and has not claimed the care  
11 recipient as a dependent for the purpose of a tax deduction in  
12 the same taxable year. Only one eligible taxpayer per household  
13 may claim a tax credit for any care recipient cared for in a  
14 taxable year. An eligible taxpayer shall not claim multiple tax  
15 credits under this section in a taxable year, regardless of the  
16 number of care recipients receiving care from the eligible  
17 taxpayer.

18 (d) The director of taxation:  
19 (1) Shall prepare any forms that may be necessary to claim  
20 a tax credit under this section;



1       (2) May require the taxpayer to furnish reasonable  
2       information to ascertain the validity of the claim for  
3       the tax credit made under this section; and

4       (3) May adopt rules pursuant to chapter 91 necessary to  
5       carry out this section.

6       (e) If the tax credit claimed by the eligible taxpayer  
7       under this section exceeds the amount of income tax payments due  
8       from the eligible taxpayer, the excess of credit over payments  
9       due shall be refunded to the eligible taxpayer. All claims for  
10       the tax credit under this section, including amended claims,  
11       shall be filed on or before the end of the twelfth month  
12       following the close of the taxable year for which the credit may  
13       be claimed. Failure to comply with the foregoing provisions  
14       shall constitute a waiver of the right to claim the credit.

15       (f) The department of taxation shall report to the  
16       legislature, no later than twenty days prior to the convening of  
17       each regular session, on the number of eligible taxpayers  
18       claiming the tax credit and the total cost of the tax credit  
19       under this section to the State during the past year.

20       (g) As used in this section,



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

3       "Care recipient" means an individual who:

4       (1) Is a citizen of the United States or a qualified  
5 alien; provided that for the purposes of this  
6 paragraph, "qualified alien" means a lawfully admitted  
7 permanent resident under the Immigration and  
8 Nationality Act;

9       (2) Is not covered by any comparable government or private  
10 home- and community-based care service, except or  
11 excluding kupuna care services;

12       (3) Does not reside in a long-term care facility, such as  
13 an intermediate care facility, assisted living  
14 facility, skilled nursing facility, hospital, adult  
15 foster home, community care foster family home, adult  
16 residential care home, expanded adult residential care  
17 home, or developmental disabilities domiciliary home;  
18 and

19       (4) Has impairments of at least:

20       (A) Two activities of daily living;

21       (B) Two instrumental activities of daily living;



1           (C) One activity of daily living and one instrumental  
2           activity of daily living; or

3           (D) Substantive cognitive impairment requiring  
4           substantial supervision because the individual  
5           behaves in a manner that poses a serious health  
6           or safety hazard to the individual or another  
7           person.

8   "Care recipient" also refers to a person with a disability as  
9   that term is defined under section 515-2.

10       "Eligible taxpayer" means any relative of a care recipient  
11   who:

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

14       (2) Has undertaken the care, custody, or physical  
15       assistance of the care recipient.

16       "Instrumental activities of daily living" has the same  
17   meaning as defined in section 349-16.

18       "Kupuna care services" has the same meaning as defined in  
19   section 349-16.



1       "Qualified expenses" means costs that are directly incurred  
2 by the eligible taxpayer in providing care to a care recipient,  
3 including but not limited to:

4       (1) The improvement or alteration to the eligible  
5 taxpayer's primary residence to permit the care  
6 recipient to live in the residence and remain mobile,  
7 safe, and independent, including entrance ramps,  
8 safety grab bars by toilets, and the conversion of  
9 tubs to accessible showers;

10       (2) The purchase or lease of equipment and supplies,  
11 including but not limited to durable medical  
12 equipment, incontinent undergarments, and portable  
13 commodes, necessary to assist a care recipient in  
14 carrying out one or more activities of daily living;  
15 and

16       (3) Other paid or incurred expenses by the eligible  
17 taxpayer that assists the eligible taxpayer in  
18 providing care to a care recipient, such as  
19 expenditures related to:

20       (A) Home care aides or chore workers;

21       (B) Respite care;



- 1           (C) Adult day care or adult day health center
- 2           services;
- 3           (D) Personal care attendants;
- 4           (E) Transportation, including but not limited to
- 5           para-transit service for non-emergency medical
- 6           transport;
- 7           (F) Health care equipment; and
- 8           (G) Assistive technology, including emergency alert
- 9           system and voice activated medication dispensers
- 10          or reminders.

11          "Relative" means a spouse, child, parent, sibling, legal  
12 guardian, a reciprocal beneficiary as that term is defined in  
13 section 572C-3, a partner as that term is defined in  
14 section 572B-1, or any other person who is related to a care  
15 recipient by blood, marriage, or adoption, including a person  
16 who has a hanai or substantial familial relationship to the care  
17 recipient."

18          SECTION 3. New statutory material is underscored.





# S.B. NO. 2473

1           SECTION 4. This Act, upon its approval, shall apply to  
2 taxable years beginning after December 31, 2023.

3

INTRODUCED BY: \_\_\_\_\_

A handwritten signature in black ink, appearing to be 'D. Miller', written over a horizontal line.

# S.B. NO. 2473

**Report Title:**

Kupuna Caucus; DOTAX; Family Caregiver Tax Credit; Report

**Description:**

Establishes a refundable tax credit for nonpaid family caregivers. Requires the Department of Taxation to report to the Legislature before the convening of each Regular Session.

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

