

STAND. COM. REP. NO.

4

Honolulu, Hawaii

JAN 30 , 2025

RE: H.B. No. 701  
H.D. 1

Honorable Nadine K. Nakamura  
Speaker, House of Representatives  
Thirty-Third State Legislature  
Regular Session of 2025  
State of Hawaii

Madame:

Your Committee on Human Services & Homelessness, to which was referred H.B. No. 701 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish a refundable tax credit for nonpaid family caregivers.

Your Committee received testimony in support of this measure from the Executive Office on Aging; AARP Hawai'i; Hawai'i Family Caregiver Coalition; Democratic Party of Hawai'i; Alzheimer's Association - Hawaii; and numerous individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that unpaid family caregivers face significant physical, emotional, and financial challenges, often juggling caregiving duties alongside work and other personal responsibilities. Additionally, your Committee notes that family caregivers, on average, allocate twenty-six percent of their income to caregiving expenses, with over three-quarters covering out-of-pocket costs for items such as equipment, transportation, and home modifications. Therefore, this measure aims to alleviate the financial burden that unpaid family caregivers bear while supporting their loved ones in the State.

2025-1090 HB701 HD1 HSCR HMSO



Your Committee notes the concerns raised in testimony by the Department of Taxation, regarding whether the Department has the appropriate personnel to determine tax credit eligibility. The Department of Taxation also noted that making the tax credit nonrefundable, rather than refundable as currently proposed by this measure, is preferable, as refundable credits are more susceptible to waste and could allow persons without a connection to the State to claim the credit and obtain a refund. The Department also noted that this measure makes the tax credit equal to the full amount of a taxpayer's expenses, whereas making the amount of the credit equal to a percentage of the taxpayer's expenses would discourage waste. Your Committee also notes the concerns raised in testimony about whether the tax credit is duplicative of an existing tax credit. Your Committee believes these concerns merit further discussion by your Committee on Economic Development & Technology.

Your Committee has amended this measure by:

- (1) Deleting the definition for "kupuna care services", as this term is not used in this measure;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Human Services & Homelessness that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 701, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 701, H.D. 1, and be referred to your Committee on Economic Development & Technology.



Respectfully submitted on  
behalf of the members of the  
Committee on Human Services &  
Homelessness,



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LISA MARTEN, Chair



