TAX FOUNDATION
OF HAWAII
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April 7, 2025

2025 Administration Proposals			
Dept./No.	Description	Senate	House
[ATG-14]	Establishes the Maui Wildfires Settlement Trust Fund to be administered by the Attorney General. Appropriates funds.	~~SB 1320 SD 1~~	HB 1001 HD 1 SD 3
[DEF-03]	Renames the barrel tax and directs __ cents per barrel to a new community readiness centers special fund.	SB 1379 SD 2 HD 1	~~HB 1060 HD1~~
[GOV-02]	Establishes the Climate Mitigation and Resiliency Special Fund. Increases TAT to __% in 2027. Applies the TAT to gross rental proceeds derived from cruise ship cabin rental, prorated by %age of time the ship is docked at any port in the State. Adjusts the permitted uses of the special land and development fund, which is fed by a TAT earmark.	SB 1396 SD 3 HD 3	~~HB 1077 HD 2~~
[HTH-18]	Establishes the Universal Immunization Purchase Special Fund to be funded by new assessments against health insurers, health plans, mutual benefit societies, and fraternal benefit societies.	SB 1434 SD 1 HD1	~~HB 1115 HD 1~~
[TAX-01]	Conforms Hawai‘i income and estate and generation-skipping transfer tax laws to federal code as of 12/31/2024. HB 1145 SD1 explicitly conforms to disaster relief provisions under federal law (Pub. L. No. 118-148).	SB 1464 HD 1	HB 1145 HD 1 SD 1
[TAX-02]	Requires qualified member to include in income the member's share of taxes paid by an electing pass-through entity. To prevent a “double benefit.” Both money committees reported that there is a double benefit, although TFH and one CPA do not agree.	SB 1465 SD 1 HD 1	HB 1146 HD 1 SD 1
[TAX-03]	For a nonresident, EITC is multiplied by ratio of Hawaii AGI to Federal AGI. Cuts off carryforward of nonrefundable EITC.	SB 1466	~~HB 1147 HD 1~~
[TAX-04]	Clarifies that a notice of appeal relating to an appeal of a county tax is not required to be served on the Director of Taxation.	SB 1467 HD 1	~~HB 1148~~
[TAX-06]	Suspends the statute of limitations on collections during the period an assessment is pending on appeal before the taxation board of review or tax appeal court. Applies to net income, GET, TAT, Use Tax, Fuel, Conveyance, and RVST.	SB 1469 SD 2 HD 1	~~HB 1150~~
[TAX-07]	Repeals maximum tax rate for income tax withholding and allows for an amount more or less than one exemption for the standard deduction.	SB 1470	~~HB 1151~~

[TAX-08]	Permanent Civil Service exemption for certain positions within the Department of Taxation.	~~SB 1471~~	HB 1152 HD 1 SD 2
[TRN-09]	Provides county authority to impose mileage-based road usage charge. Amends state milage-based road usage charge with regard to maximum and default rates.	~~SB 1480 SD 1~~	HB 1161 HD 2 SD 1
[UOH-11]	Adds the Department of Taxation to the list of state agencies sharing data through the statewide longitudinal data system.	SB 1491 SD 1 HD 1	~~HB 1172 HD 1~~

Legislative Tax Proposals				
Tax	**Bill No.**	**Description**	**Status**	**Companion**
Administration and Appeals				
	HB 1173 HD 1 SD 1	Requires Department of Taxation to state the assessment date on certificates of tax lien and release the lien when the underlying tax liability has become unenforceable by lapse of time.	3rd	
	HB 1175	Provides that appeals from Tax Appeal Court can be taken from either a dispositive order or final judgment.	To Gov	

Conveyance	Bill No.	Description	Status	Companion
	HB 740 HD 2 SD 2	Establishes the Accessory Dwelling Unit Financing and Deed Restriction Program	3rd	~~SB 491 SD 1~~

Income Tax	Bill No.	Description	Status	Companion
	HB 303 HD 2 SD 2	Expands the healthcare preceptor tax credit.	3rd	~~SB 1070 SD 1~~
	HB 476 HD 2 SD 1	Increases the maximum capital gains tax rate to __%. Increases the alternative capital gains tax for corporations to __%.	3rd	
	HB 701 HD 3 SD 2	Establishes a refundable Family Caregiver Tax Credit for nonpaid family caregivers. The credit is __% of the qualified expenses of the eligible taxpayer, up to a maximum of $_____ in any taxable year.	3rd	~~SB 879~~

	HB 795 HD 1 SD 1	Provides a tax credit to taxpayers and makes deposits to the emergency and budget reserve fund and other post-employment benefits trust fund. All amounts are blank. (Constitutionally required)	3rd	SB 325 SD 1 HD 1 3rd
	HB 796 HD 1 SD 1	Requires that income tax credits include a five-year sunset or an annual one-third reduction, beginning with the sixth year of the credit. Does not apply to section 235-15 (child passenger restraints) or credits in Part III of chapter 235 (credit for out of state taxes, EIC, food/excise, vocational rehab, credit for tax withheld).	3rd	
	SB 328 SD 1 HD 2	Establishes an income tax credit for capital infrastructure costs incurred in the conversion of a dairy farm to a hog farm.	3rd	
	SB 732 SD 2 HD 2	For Motion Picture, Digital Media, and Film Production industry: Requires counties to waive permitting fees. Exempts "entertainment payroll companies" from GET. Repeals current income tax exemption in 235-9. For the production credit in 235-17: A production with 80% local hires gets an additional 5% credit. Any production must provide evidence of contacting relevant labor unions. Requires a CPA verification if production costs exceed $1 million. Changes the aggregate credit cap from $50 M to $___, but there will be an annual 1/6 reduction of that cap, over a five-year period. Adds streaming TV to eligible productions. Repeals the credit entirely on 1/1/2033. For GET: defines production as manufacturing. Exempts reimbursements of wages, salaries, payroll taxes, etc. and payments to loan-out companies from GET for motion picture project employers under IRC section 3512. All GET amendments are repealed on 1/1/2033.	3rd	
	SB 826 SD 1 HD 1	Low-income housing tax credit "shall not apply to chapter 302A, part Vi, subpart C." It's supposed to mean that it won't apply if the School Facilities Authority is the developer.	3rd	
	SB 944 SD 2 HD 1	Permits reallocation of low income housing credit among partners in a partnership. Extends sunset date of credit to 2032.	Disagree	

Liquor	Bill No.	Description	Status	Companion
	HB 939 HD 1 SD 2	Defines “low alcohol by volume spirits beverage”. Establishes a lower tax on low alcohol by volume spirits beverages. Also increases production limits for small craft producer pub licensees (class 18).	3rd	~~SB 641 SD 1~~

Transient Accommodations	Bill No.	Description	Status	Companion
	HB 504 HD 2 SD 2	TAT hike to __%; Also imposes a monthly tax of $20 per passenger per port entry or any commercial passenger vessel at any port facility.	3rd	

Tobacco	Bill No.	Description	Status	Companion
	HB 441 HD 2 SD 2	Increases the cigarette tax to 18 cents per stick (from 16 cents) and amends the cigarette tax disposition of revenues so that the additional 2 cents are earmarked for the cancer research special fund..	3rd	

Unemployment	Bill No.	Description	Status	Companion
	HB 202 HD 1 SD 2	Changes the UI Tax definition of "adequate reserve fund" to ___% of what it used to be for year 2026 and ___% for years 2027 and thereafter (drives up rates).	3rd	

Multiple Tax Types	Bill No.	Description	Status	Companion
Income, General Excise, Use, Unemployment	HB 1369 HD 1 SD 1	Repeals or modifies certain credits, deductions, and exemptions under the income tax, general excise tax, and use tax laws. **Enterprise Zone:** Adds manufacture or production of "Made in Hawaii" products as an eligible activity. **Capital goods excise tax credit** is limited to agricultural or manufacturing equipment. For the **renewable fuels production credit** __% of the feedstock shall have been grown or produced in the State. For the **important agricultural land tax credit** distribution and share of the credit from a pass-through entity is to be determined by rule (instead of using CGETC principles). Repeals **GET sublease deduction.** Repeals GET exemption for **convention and trade show fees** on 1/1/2031. Repeals GET exemption for independent sugar cane farmers on 1/1/2031. Repeals GET exemption for **interisland shipping agricultural commodities** on 1/1/2031. GET exemption for **rent of aircraft or aircraft engines** and from the **servicing and maintenance of aircraft** is conditioned upon purchasing local agricultural products and discounting rates for transporting agricultural products. GET exemption for **sales to federal government** is repealed except for liquor and tobacco on 1/1/2031. GET exemption for **petroleum refiners** is restricted to renewable fuels sold to generate electricity. GET exemption for **shipbuilding and ship repair** is repealed 1/1/2031. Repeals Use Tax exemption for **vessels constructed before 7/1/1969**. Repeals **stock exchange** and **air pollution control facility** exemptions from GET. Repeals **capital goods excise tax credit** for franchise taxpayers (generally financial institutions). Grandfathers written property leases and subleases entered into and air pollution control facilities certified prior to 12/31/2025.	3rd	
General Excise, Income, Unemployment	SB 125 SD 2 HD 1	Extends the eligibility period of the State business tax credit and general excise tax exemption for qualified businesses within a State Enterprise Zone. Adds as eligible activities retail sales of tangible personal property manufactured and sold in the enterprise zone that is to be used or consumed by the purchaser and not for resale, the processing of value-added agricultural products grown within an enterprise zone, and the provision of professional services by health care professionals in health-care related sectors.	Disagree	

Miscellaneous	Bill No.	Description	Status	Companion
	HB 422 HD 1 SD 1	Repeals the construction cost component of school impact fees. Exempts government housing developments, affordable housing units and projects, and Hawaiian home lands housing from school impact fees. Act expires 6/30/2029.	3rd	
	HB 455 HD 1 SD 2	No longer establishes a start-up business loan program and program special fund. Replaced with direct appropriation to DBEDT.	3rd	~~SB132~~
	HB 1298 HD 3 SD 1	Establishes a Government Employee Housing Revolving Fund Program and Government Employee Ninety—Nine Year Leasehold Rent to-Own Program.	3rd	~~SB 1235 SD 1~~
	SB 326 SD 1 HD 1	Adds specifics to statutory criteria for the establishment and continuance of revolving funds.	3rd	
	SB 439 SD 1 HD 1	Requires the Board of Land and Natural Resources to adopt rules to impose user fees that solely apply to nonresidents visiting state parks and trails.	Xover	