TAX FOUNDATION
OF HAWAII
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May 5, 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 $807,500. *Eff. 7/1/2025.*	~~SB 1320 SD 1~~	HB 1001 CD 1
[GOV-02]	Increases TAT to 11% in 2026, dropping to 10% in 2031. Applies the TAT to cruise fares, 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 will be fed by a TAT earmark. *Eff. 1/1/2026.*	SB 1396 CD 1	~~HB 1077 HD 2~~
[HTH-18]	Establishes the Universal Immunization Funding Program and related Special Fund to be funded by new assessments against health insurers, health plans, mutual benefit societies, and fraternal benefit societies. The fund is exempt from the 5% central services assessment applicable to many special funds. *Eff. 7/1/2025.*	SB 1434 CD 1	~~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. *Eff. TYBA 12/31/2024.*	SB 1464 CD 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.) *Eff. TYBA 12/31/2024.*	~~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. *Eff. TYBA 12/31/2024.*	SB 1466 **Act 25**	~~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. *Eff. upon approval.*	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. *Eff. upon approval, tolls statute of limitations for assessments on appeal before the effective date of the act.*	SB 1469 CD 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. *Eff. TYBA 12/31/2024.*	SB 1470 **Act 24**	~~HB 1151~~

[TAX-08]	Permanent Civil Service exemption for certain positions within the Department of Taxation. *Eff. upon approval.*	~~SB 1471~~	HB 1152 HD 1 SD 2
[UOH-11]	Adds the Department of Taxation to the list of state agencies sharing data through the statewide longitudinal data system. *Eff. 7/1/2025.*	SB 1491 CD 1	~~HB 1172 HD 1~~

Legislative Tax Proposals				
Tax	**Bill No.**	**Description**	**Status**	**Companion**
Administration and Appeals				
	HB 1173 CD 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. *Eff. 1/1/2027.*	To Gov	
	HB 1175	Provides that appeals from Tax Appeal Court can be taken from either a dispositive order or final judgment. *Eff. upon approval.*	**Act 10**	

Income Tax	**Bill No.**	**Description**	**Status**	**Companion**
	HB 795 CD 1	Adds $1 million to the rainy day fund. (Constitutionally required)	To Gov	~~SB 325 SD 1 HD 1~~
	HB 796 CD 1	Requires that income tax credits existing on 12/31/2025 or later established or renewed shall 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). *Eff. upon approval.*	To Gov	

Tobacco	**Bill No.**	**Description**	**Status**	**Companion**
	HB 441 CD 1	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. *Eff. 12/31/2025.*	To Gov	

Multiple Tax Types	Bill No.	Description	Status	Companion
General Excise, Use	HB 1369 CD 1	Repeals GET exemption for **independent sugar cane farmers** on 1/1/2031. Repeals Use Tax exemption for **vessels constructed before 7/1/1969**. Repeals **stock exchange** exemption from GET. *Eff. 7/1/2025.*	To Gov	

Miscellaneous	Bill No.	Description	Status	Companion
	HB 422 CD 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. *Eff. on approval, applies to new residential developments permitted or approved on or before 6/30/2029; repealed 7/1/2029.*	To Gov	
	HB 1153 CD 1	Enacts budget provisos for 2023-24 to allow budget flexibility similar to provisos enacted in fiscal biennium 2021-22. Raids $8.1 million from the state educational facilities special fund (which was repealed in 2020). *Technical provisions eff. upon approval; raid eff. 6/29/2025.*	To Gov	
	HB 1298 CD 1	Establishes a Government Employee Housing Program. *Eff. 7/1/2025.*	To Gov	~~SB 1235 SD 1~~
	SB 326 CD 1	Adds specifics to statutory criteria for the establishment and continuance of revolving funds. *Eff. upon approval.*	To Gov	