TAX FOUNDATION
OF HAWAII
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March 7, 2026

| 2026 Administration Proposals | | | |
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| Dept./No. | Description | Senate | House |
| [GOV-06] | As introduced: Repeals the tax rate changes scheduled for 2027 and later. Extends the sunset of the 2023 increases to the EITC, Food/Excise Tax Credit, and Household and Dependent Care Credit.<br>SD 1: Adjusts the brackets for rate changes scheduled for 2027 and later. Changes HDCC to unspecified amount. Repeals various business tax credits on January 1, 2029.<br>HD 1: Adds a new bracket structure with a 12% bracket beginning 2027. Doubles the HDCC, phases it out to 5% for taxpayers making >$160K. | SB 3125 SD1 | HB 2306 HD1 |
| [HTH-10] | Waters down the deposit beverage distributor audit requirement for small businesses. | SB 3138 SD1 | ~~HB 2318~~ |
| [TAX-01] | Conforms Hawaii income and estate and generation-skipping transfer tax laws to the Internal Revenue Code of 1986, as amended as of December 31, 2025. | ~~SB 3149~~ | HB 2329 HD1 |

| Legislative Tax Proposals | | | | |
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| **Constitutional Amendment** | **Bill No.** | **Description** | **Status** | **Companion** |
| | HB 2147 HD2 | Allow surcharge on residential investment real property to fund public education. | 3rd | ~~SB 2464~~ |
| | HB 2476 HD2 | Allows counties to issue housing infrastructure growth bonds (tax increment financing) that would not count against the debt limit. | 3rd | SB 3219 |
| **Administration and Appeals** | **Bill No.** | **Description** | **Status** | **Companion** |
| | HB 2578 HD1 | Provides that a determination of personal liability for another person's unpaid general excise taxes is an assessment subject to the due process procedures and appeals available for other assessments. | 3rd | ~~SB 3277~~ |
| | SB 2879 | Requires the DOTAX Administrative Rules Officer to be a legal, tax, or accounting professional. | 3rd | |
| **Income** | **Bill No.** | **Description** | **Status** | **Companion** |
| | HB 1535 HD2 | Establishes an income tax credit for the purchase and installation of automated external defibrillator devices by certain places of public accommodation. | 3rd | |
| | HB 1576 HD1 | Requires DBEDT to provide public notice whenever a production prequalifies for the film production credit or obtains certain permits. | Xover | ~~SB 2574~~ |
| | HB 1635 HD1 | Makes broadcast and streaming platform productions and commercial advertisement productions with Internet-only distribution eligible to receive the film production credit. | 3rd | |
| | HB 1661 HD1 | Specifies that the maximum contribution and carryover amounts for a public service flexible spending account plan | 3rd | ~~SB 2122 SD1~~ |

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| | | shall be set in accordance with the annual limits prescribed by the Internal Revenue Service for cafeteria plans. | | |
| | HB 1694 HD2 | Enacts a sustainable aviation fuel tax credit. Provides $1 per gallon, increasing by 2 cents per additional 1 per cent emissions reduction, up to $2 per gallon. Caps total credits at $20,000,000 annually, with carryover provisions. Sunsets 12/31/2035. | 3rd | ~~SB 2027~~, ~~SB 2375~~ |
| | HB 1695 HD2 | Expands the income tax credit for production of sustainable aviation fuel. | 3rd | ~~SB 2403~~ |
| | HB 1756 HD1 | Increases the maximum annual deduction for contributions to, and maximum account levels for, individual housing accounts. (Minority Caucus) | Xover | |
| | HB 1850 HD2 | Taxes capital gains tax for individuals, estates, and trusts as ordinary income, except for capital gains that are eligible for a county homeowner's exemption. Repeals the alternative capital gains tax for corporations. | 3rd | ~~SB 2587~~ |
| | HB 1851 HD3 | Establishes an apprenticeship program income tax credit for certain qualified costs incurred by a taxpayer for a qualified apprenticeship program. Aggregate cap of $___. Sunsets 12/31/2036. | 3rd | |
| | HB 1920 HD1 | Provides that a partner or member of a passthrough entity allocated a low-income housing credit may transfer, sell, or assign the credit to another taxpayer. | Xover | ~~SB 2675 SD1~~ |
| | HB 1939 HD2 | Amends the film production credit by providing additional credits to productions that have a workforce of 80%+ local hires, where the threshold increases each successive year that the additional credit is claimed; requiring independent third-party certification of qualified production costs for all film productions claiming the film tax credit; authorizing DBEDT to waive the credit cap per qualified production for one qualified production each fiscal year. | 3rd | |
| | HB 1941 HD1 | Requires a production qualifying for the film production credit to have 15% principal photography and 15% post production in Hawaii in the same taxable year. | 3rd | ~~SB 2582~~ |
| | HB 1972 HD2 | Establishes a family caregiver tax credit. 75% of qualified expenses, not to exceed $3,000. | Xover | ~~SB 2863~~ |
| | HB 2007 HD3 | Increases a taxpayer's applicable percentage of employment-related expenses that is used to calculate the household and dependent care services tax credit. Doubles the HDCC, phases it out to 5% for taxpayers making >$160K. | 3rd | ~~SB 2683~~ |
| | HB 2037 HD1 | Increases the aggregate cap on credits allowed in any given year for the film production credit from $50,000,000 to $60,000,000. Extends the sunset date to 1/1/2038. | 3rd | |
| | HB 2214 HD2 | Establishes a refundable diaper tax credit of $50 per qualifying child. | 3rd | |

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| | HB 2444 HD3 | Increases the tax credit for low-income household renters from $50 to $187 per exemption claimed. Raises the threshold to $40,000 AGI. | 3rd | |
| | HB 2546 HD2 | Changes tax credit for research activities so that credit is on gross amount of research expenses rather than on the increase over prior period. | FIN | ~~SB 3213~~ |
| | SB 2362 SD1 | Study regarding disallowing the dividends paid deduction for REITs. HB and ~~SB 2656 SD1~~ would disallow the deduction. | 3rd | ~~HB 2150~~ |
| | SB 2376 SD2 | Clarifies that the Renewable Fuels Production Tax Credit shall only be claimed by taxpayers for which qualified renewable fuels production costs are incurred within the State and sold for distribution within the State. | 3rd | |
| | SB 2431 SD1 | Tiered nonrefundable tax credit for qualified taxpayer insurers that offer one or more federally qualified health savings account-eligible high deductible health plans. | 3rd | ~~HB 1547~~ |
| | SB 2552 SD1 | Increases the maximum annual deduction for contributions to, and maximum account levels for, individual housing accounts. | 3rd | ~~HB 1837~~ |
| | SB 2578 SD1 | Establishes the Hawaii Film Commission and transfers functions including administration of the film production credit to the Commission. | 3rd | |
| | SB 2580 SD2 | Increases the amount of the film production credit to 27% (Oahu) and 32% (elsewhere). Requires independent third-party certification. Excludes productions with >$60M costs from the per-production cap amount. Allows productions for a streaming platform to qualify. | Xover | |
| | SB 2600 SD1 | Provides an unspecified general income tax credit as a constitutionally required option. Other options include feeding the rainy day fund or the OPEB fund. | 3rd | |
| | SB 2805 SD2 | Establishes a nonrefundable agricultural investment tax credit. Sunsets 1/1/2031/ | 3rd | |
| | SB 2881 SD1 | Allows a taxpayer getting a 1099-R to elect withholding of state taxes. | 3rd | |
| | SB 3183 SD2 | Prohibits $250K+ AGI taxpayers from claiming the renewable energy technologies credit. Changes certain cap amounts. Allows more lower-income taxpayers to elect refundability without the 30% reduction in credit. HD removes certain cap amounts. | 3rd | HB 2241 HD1 |
| | SB 3202 SD1 | Broadens the healthcare preceptor tax credit by eliminating limitation to primary care, and allowing dietitians, physician assistants, and social workers to qualify. | 3rd | ~~HB 2206~~, HB 1591 HD1 (similar) |
| **General Excise/Use** | **Bill No.** | **Description** | **Status** | **Companion** |
| | HB 1813 HD1 | Repeals the (inactive) GET exemptions for stock exchanges and commercial fishing vessels built before 7/1/1969. | Xover | ~~SB 2920~~ |

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| | HB 2030 HD2 | Establishes a new transportation affordability and energy security tax on vehicle sales. Money raised will go to a new special fund that will provide clean vehicle rebates. | 3rd | ~~SB 2691~~ |
| | HB 2385 HD3 | Authorizes the HHFDC to approve and certify general excise tax exemptions for certain housing development projects developed under county housing incentive programs. | 3rd | ~~SB 2676 SD1~~ |
| | HB 2391 HD1 | Establishes a tax holiday on school supplies. Requires businesses to pass the savings to consumers. | 3rd | |
| | HB 2575 HD1 | Disallows wholesale GET rate on import or purchase of motor vehicles by a rental car company. Uses money to fund an additional position in DOTAX. | 3rd | ~~SB 2594~~ |
| | HB 2604 HD2 | Establishes a performing arts ticket surcharge of $1 per ticket on the primary ticket sale price for certain performing arts events held in the State. | 3rd | ~~SB 3330~~ |
| | SB 2399 SD2 | Amends aircraft maintenance exemption to include sale of aircraft parts. | 3rd | HB 1688 HD1 |
| | SB 2784 SD1 | Disallows wholesale GET rate on import or purchase of motor vehicles by a rental car company. Uses money to fund DHHL. | 3rd | ~~HB 2586 HD2~~ |
| **Motor Vehicle** | **Bill No.** | **Description** | **Status** | **Companion** |
| | HB 2022 HD1 | Specifies that the county annual vehicle registration fee shall not exceed the state annual motor vehicle registration fee. Specifies that the county annual vehicle weight tax shall not exceed the state annual vehicle weight tax. | 3rd | ~~SB 2894~~ |
| **Conveyance** | **Bill No.** | **Description** | **Status** | **Companion** |
| | HB 1732 HD2 | Establishes a program where counties can purchase voluntary deed restrictions from eligible home buyers. Exempts the purchase from conveyance tax. | 3rd | |
| | HB 1918 HD1 | Imposes conveyance tax on the transfer of a controlling interest of an entity with an interest in real property. Makes the transferee liable if the transferor doesn't pay. | Xover | |
| | HB 2049 HD3 | Restructures the conveyance tax to a marginal rate system for the sale of properties with residential use, adjusts the tax for multifamily properties to reflect value on a per-unit basis, and substantially increases conveyance tax rates. | 3rd | ~~SB 2700~~ |
| | SB 3028 SD2 | Restructures the conveyance tax to a marginal rate system and adjusts the tax for multifamily properties to reflect value on a per-unit basis. Rates are changed to blank amounts. . | 3rd | |
| **Transient Accommodations** | **Bill No.** | **Description** | **Status** | **Companion** |
| | HB 1950 HD1 | Establishes the State-led Marketing and Branding Special Fund and diverts __% of all TAT collections to this fund. | 3rd | |
| **Estate** | **Bill No.** | **Description** | **Status** | **Companion** |
| | HB 2148 HD1 | Establishes an unrealized gains surcharge on certain property transfers subject to estate tax. Generally, lowers the applicable exclusion amount allowed. | WAM | ~~SB 2469~~ |

| Fuel | Bill No. | Description | Status | Companion |
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| | HB 1620 HD2 | Increases the barrel tax to fund a subaccount for electric vehicle charging systems. | Xover | ~~SB 2905 SD1~~ |
| **Liquor** | **Bill No.** | **Description** | **Status** | **Companion** |
| | HB 1991 HD2 | Replaces the defined liquor categories subject to the liquor tax with alcohol-by-volume categories, but with a separate rate for beer manufactured by a small craft producer pub licensee. Adjusts the liquor tax rates for inflation. Rates are now blank. | 3rd | |
| **Multiple Tax Types** | **Bill No.** | **Description** | **Status** | **Companion** |
| General Excise, Transient Accom. | HB 1590 HD3 | Allows counties to use time-stamped screenshots as evidence for the enforcement of short-term vacation rentals. Clarifies that the counties may use revenue from the County TAT for the enforcement of short-term vacation rentals. Requires services booking vacation rentals to collect and remit GET and TAT. | 3rd | |
| General Excise, Transient Accom. | HB 2156 HD1 | Increases the filing thresholds for GET and TAT. | Xover | ~~SB 2023~~ |
| Net Income, General Excise, Unemployment | HB 2201 HD1 | Increases the number of enterprise zones that may be nominated by each county. Amends the definition of "eligible business activity" to include recycling facilities and film production or operation of a Film Studio. | 3rd | ~~SB 2586~~ |
| Net Income, General Excise | HB 2429 HD2 | Requires each person claiming a credit or exemption, as a condition of claiming, to file a report to DBEDT detailing the cost of the credit. | 3rd | ~~SB 3278 SD1~~ |
| Net Income, Motor Vehicle | HB 2438 HD3 | Establishes the Hawai‘i Cultural Trust within DBEDT. Establishes an income tax credit for contributions made to both the Trust and qualified Hawai‘i cultural organizations. Establishes a special number plate for motor vehicles to support the Hawai‘i Cultural Trust. | 3rd | |
| Net Income, General Excise | HB 2590 HD1 | Imposes the manufacturing general excise tax rate on motion picture, digital media, and film productions. Repeals the requirement that creditable "qualified production costs" be subject to the highest general excise tax rate. Exempts from the general excise tax amounts received by a motion picture project employer for employee wages, salaries, payroll taxes, insurance premiums, and employment benefits and payments to loan-out companies. | Xover | ~~SB 2796 SD1~~ |
| Net Income, General Excise, Unemployment | SB 2360 SD1 | Adds health care and value-added agricultural product processing as qualified activities in an enterprise zone. | 3rd | |
| Transient Accom., Miscellaneous | SB 2698 SD2 | Repeals the “Green Fee” extension of the TAT to cruise ships and replaces it with a per-passenger infrastructure fee. | 3rd | HB 2195 HD1 |
| Net Income, General Excise, Unemployment | SB 2816 SD1 | Increases the number of enterprise zones that may be nominated by each county. Authorizes enterprise zone designation for census tracts that contain JABSOM and the | 3rd | ~~HB 2141 HD2~~ |

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| | | UH Cancer Center. SD1 requires DBEDT to conduct a comprehensive review of the EZ program. | | |
| **Real Property** | **Bill No.** | **Description** | **Status** | **Companion** |
| | SB 3333 SD1 | Requires each county to apply any applicable real property tax exemptions, reduced assessments, or tax classifications for any affordable housing subject to income, resale, or occupancy restrictions as of the date a qualifying owner takes title to the affordable housing. | 3rd | |
| **Miscellaneous** | **Bill No.** | **Description** | **Status** | **Companion** |
| | HB 1713 HD1 | Repeals school impact fees. Lapses existing funds to the School Facilities Special Fund. | Xover | |
| | HB 1966 HD1 | Amends the Emergency Medical Services Special Fund by authorizing the deposit of revenues from billable emergency medical services. Amends the composition, allowable uses, and establishes a cap on the special fund. | Xover | ~~SB 2860~~ |
| | SB 2598 | Authorizes the use of moneys in certain special and revolving funds for operation and administration costs of the programs. | 3rd | |
| | SB 2602 SD1 | Lapses excess funds in the University of Hawai‘i Tuition and Fees Special Fund to the credit of the general fund. | 3rd | |
| | SB 2809 | Requires the Governor to ensure that the Governor's program memoranda and variance reports accurately reflect the current responsibilities of certain state programs. | 3rd | |
| | SB 2921 SD1 | Raids 200+ different non-general funds. The amounts to be transferred are all zero for now. | 3rd | |