TAX FOUNDATION
OF HAWAII
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2026 Administration Proposals			
Dept./No.	Description	Senate	House
[GOV-06]	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 Child and Dependent Care Credit.	SB 3125	HB 2306
[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
[TAX-02]	Requires hosting platforms that earn fees for booking transient accommodations to register and pay GE and TA taxes on behalf of operators.	SB 3150	HB 2330
[TAX-03]	Short form bill relating to taxation.	SB 3151	HB 2331

Legislative Tax Proposals				
Constitutional Amendment	**Bill No.**	**Description**	**Status**	**Companion**
	HB 2147 HD2	Allow surcharge on residential investment real property to fund public education.	FIN	~~SB 2464~~
	HB 2476 HD2	Allows counties to issue housing infrastructure growth bonds (tax increment financing) that would not count against the debt limit.	FIN	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.	FIN	SB 3277
	SB 2879	Requires the DOTAX Administrative Rules Officer to be a legal, tax, or accounting professional.	WAM	
	SB 3300 SD1	Requires a tax to be paid before the courts may entertain a second appeal on the merits of the dispute. Requires a taxpayer who partially prevailed during the taxpayer's first appeal to pay the amount determined to be due in that first appeal, rather than the entire assessment, in order to make a subsequent appeal.	WAM	
	SB 3301 SD1	Clarifies and adds procedural safeguards to section 40-35, HRS, which relates to payments to the State under protest.	WAM	
Income	**Bill No.**	**Description**	**Status**	**Companion**
	HB 1535 HD1	Establishes an income tax credit for the purchase and installation of automated external defibrillator devices by certain places of public accommodation.	FIN	

	HB 1576 HD1	Requires DBEDT to provide public notice whenever a production prequalifies for the film production credit or obtains certain permits.	FIN	~~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.	FIN	
	HB 1661 HD1	Specifies that the maximum contribution and carryover amounts for a public service flexible spending account plan shall be set in accordance with the annual limits prescribed by the Internal Revenue Service for cafeteria plans.	FIN	SB 2122 SD1
	HB 1694 HD2	Enacts a sustainable aviation fuel tax credit.	FIN	~~SB2027, SB 2375~~
	HB 1695 HD2	Income tax credit for production of sustainable aviation fuel.	FIN	~~SB 2403~~
	HB 1729 HD1	Disallows the home mortgage interest deduction for second homes under state income tax law.	FIN	
	HB 1755	Eliminates the state individual income tax. (Minority Caucus)	FIN	
	HB 1756 HD1	Increases the maximum annual deduction for contributions to, and maximum account levels for, individual housing accounts. (Minority Caucus)	FIN	
	HB 1850 HD1	Increases the capital gains tax rate to 5% for corporations and 9% for all other taxpayers.	FIN	SB 2587
	HB 1851 HD2	Establishes an apprenticeship program income tax credit for certain qualified costs incurred by a taxpayer for a qualified apprenticeship program.	FIN	
	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.	FIN	SB 2675 SD1
	HB 1939 HD1	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.	FIN	
	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.	FIN	~~SB 2582~~
	HB 1972 HD2	Establishes a family caregiver tax credit.	FIN	~~SB 2863~~
	HB 2007 HD2	Increases a taxpayer's applicable percentage of employment-related expenses that is used to calculate the household and dependent care services tax credit.	FIN	~~SB 2683~~
	HB 2008	Establishes a new 16% income tax bracket for taxable income over $950K (single) / $1.425M (HOH) / $1.9 million (joint).	FIN	

	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.	FIN	
	HB 2079 HD1	Reestablishes the cesspool upgrade, conversion, or connection income tax credit.	FIN	~~SB 2525~~
	HB 2214 HD1	Establishes a refundable diaper tax credit.	FIN	
	HB 2407	Establishes a net investment income tax.	FIN	
	HB 2444 HD2	Increases the tax credit for low-income household renters from $50 to $170 per exemption claimed.	FIN	
	HB 2522	Eliminates the Hawai‘i state income tax starting with the 2028 taxable year.	FIN	
	HB 2546 HD1	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~~
	HB 2623	Imposes a wealth proceeds surcharge of __% in addition to regular income tax.	FIN	
	SB 768 SD1	Creates an alternative water source income tax credit for taxpayers who install, place in service, or repair a water catchment system or who purchase water delivery services.	WAM	~~HB 690~~
	SB 2362 SD1	Study regarding disallowing the dividends paid deduction for REITs. HB would disallow the deduction.	WAM	~~HB 2150~~
	SB 2376 SD1	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.	WAM	
	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.	WAM	~~HB 1547~~
	SB 2441	Taxes capital gains at the same rate as ordinary income.	WAM	
	SB 2451 SD1	Eliminates the home mortgage interest deduction for second homes not used as a primary residence.	WAM	
	SB 2462	Increases designated income check-off amounts for the Hawai‘i Election Campaign Fund to $6 ($12 joint).	WAM	
	SB 2552 SD1	Increases the maximum annual deduction for contributions to, and maximum account levels for, individual housing accounts.	WAM	~~HB 1837~~
	SB 2578 SD1	Establishes the Hawaii Film Commission and transfers functions including administration of the film production credit to the Commission.	WAM	
	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.	WAM	
	SB 2600	Provides an unspecified general income tax credit as a constitutionally required option.	WAM	

	SB 2738 SD1	Requires corporations to include in their income the income of all foreign subsidiaries to the State; requires corporations to report all profits, losses, revenues, and inter-company transactions made and all taxes paid in other states.	WAM	~~HB 2149~~
	SB 2805 SD1	Establishes a nonrefundable agricultural investment tax credit.	WAM	
	SB 2881	Allows a taxpayer getting a 1099-R to elect withholding of state taxes.	WAM	
	SB 3046 SD1	Establishes a nonrefundable Workforce Builder Tax Credit for employers who employ qualified interns and apprentices.	WAM	
	SB 3061	Requires that income tax credits existing on 12/31/2026 include a sunset on 12/31/2030.	WAM	~~HB 1843~~
	SB 3183 SD1	Prohibits $250K+ AGI taxpayers from claiming the renewable energy technologies credit. Removes certain cap amounts. Allows more lower-income taxpayers to elect refundability without the 30% reduction in credit.	WAM	HB 2241 HD1
	SB 3202	Broadens the healthcare preceptor tax credit by eliminating limitation to primary care, and allowing dietitians, physician assistants, and social workers to qualify.	WAM	~~HB 2206~~, HB 1591 HD1 (similar)
	SB 3313 SD1	Establishes a Hawai‘i Interisland Air Service Stability and Transformation Program to be administered by DOTAX. Requires a covered interisland air service operator to issue equity to the State to participate. Establishes the Interisland Air Service Stability and Transformation Tax Credit.	WAM/JDC	
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.	FIN	SB 2920
	HB 1937 HD1	Disallows wholesale GET rate on import or purchase of motor vehicles by a rental car company. Uses money to fund temporary teacher hazard pay.	FIN	~~SB2394~~
	HB 2073	Extends county surcharge to 12/31/2045.	FIN	~~SB 2515~~
	HB 2385 HD2	Authorizes the HHFDC to approve and certify general excise tax exemptions for certain housing development projects developed under county housing incentive programs.	FIN	SB 2676 SD1
	HB 2391 HD1	Establishes a tax holiday on school supplies. Requires businesses to pass the savings to consumers.	FIN	
	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.	FIN	~~SB 2594~~
	HB 2604 HD1	Establishes a performing arts ticket surcharge on the sale of certain performing arts tickets for an event held in the State.	FIN	~~SB 3330~~
	SB 2399 SD1	Amends aircraft maintenance exemption to include sale of aircraft parts.	WAM	HB 1688 HD1
	SB 2590	Exempts any grants received from Restaurant Revitalization Fund in 2021.	WAM	

	SB 2741 SD1	Exempts agricultural inputs from the general excise tax.	WAM	
	SB 2784 SD1	Disallows wholesale GET rate on import or purchase of motor vehicles by a rental car company. Uses money to fund DHHL.	WAM	HD 2586 HD2
	SB 2848 SD1	Exemption for hearing aids.	WAM	HB 1996 HD1
	SB 2935 SD1	Exempts feminine hygiene products.	WAM	
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.	FIN	~~SB 2894~~
Conveyance	**Bill No.**	**Description**	**Status**	**Companion**
	HB 1732 HD2	Establishes a program whereby counties can purchase voluntary deed restrictions from eligible home buyers. Exempts the purchase from conveyance tax.	FIN	
	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.	FIN	
	HB 2049 HD2	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 applies a cost-of-living adjustment to conveyance tax rates.	FIN	~~SB 2700~~
	SB 3028 SD1	Restructures the conveyance tax to a marginal rate system and adjusts the tax for multifamily properties to reflect value on a per-unit basis. Adjusts tax earmarks.	WAM	
	SB 3031 SD1	Adds a new earmark to the conveyance tax for beach preservation and restoration.	WAM	
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.	FINM	
Estate	**Bill No.**	**Description**	**Status**	**Companion**
	SB 2469	Establishes an unrealized gains surcharge on certain property transfers subject to estate tax. Generally, lowers the applicable exclusion amount allowed.	WAM	HB 2148
Fuel	**Bill No.**	**Description**	**Status**	**Companion**
	HB 1620 HD2	Increases the barrel tax to fund a subaccount for electric vehicle charging systems.	FIN	SB 2905 SD1
Tobacco	**Bill No.**	**Description**	**Status**	**Companion**
	HB 2160 HD1	Repeals the requirement that a certain amount received from the cigarette tax on the wholesale price of each article or item of certain tobacco products deposited into the Hawai'i Cancer Research Special Fund must be used for debt service of capital expenditures and building maintenance.	FIN	~~SB 2915~~

Liquor	Bill No.	Description	Status	Companion
	HB 1991 HD1	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.	FIN	
Multiple Tax Types	**Bill No.**	**Description**	**Status**	**Companion**
General Excise, Transient Accom.	HB 1590 HD2	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.	FIN	
Net Income, Fuel	HB 1617 HD1	Carbon tax with carbon cashback tax credit.	FIN	~~SB 2332~~
Net Income, General Excise, Unemployment	HB 2141 HD2	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 UH Cancer Center. SD1 requires DBEDT to conduct a comprehensive review of the EZ program.	FIN	SB 2816 SD1
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.	FIN	~~SB 2586~~
Net Income, Motor Vehicle	HB 2438 HD2	Establishes the Hawai‘i Cultural Trust within DBEDT. Establishes an income tax credit for contributions made to the Trust and qualified Hawai‘i cultural organizations. Establishes a special number plate for motor vehicles to support the Hawai‘i Cultural Trust.	FIN	
Net Income, Miscellaneous	HB 2568 HD1	Increases the fee from taxpayers claiming the film production credit and requires a portion of funds collected to be used to support the vertical film industry in the State.	FIN	
General Excise, Transient Accom.	SB 2023	Increases the filing thresholds for GET and TAT.	WAM	HB 2156 HD1
Net Income, Conveyance	SB 2191 SD1	Establishes limited-profit housing associations which would enjoy income tax and conveyance tax exemptions.	WAM	
Net Income, General Excise, Unemployment	SB 2360 SD1	Adds health care and value-added agricultural product processing as qualified activities in an enterprise zone.	WAM	
Transient Accom., Miscellaneous	SB 2698 SD1	Repeals the “Green Fee” extension of the TAT to cruise ships and replaces it with a per-passenger infrastructure fee.	WAM	HB 2195 HD1
Net Income, General Excise	SB 2796 SD1	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,	WAM	HB 2590 HD1

		insurance premiums, and employment benefits and payments to loan-out companies.		
Net Income, Conveyance	SB 2801	Amends conveyance tax earmarking. Suspends the following income tax credits until 12/31/2031: Renewable Energy Technologies Credit; Capital Goods Credit; High Technology Business Investment Credit; Renewable Fuels Production Credit; Technology Infrastructure Renovation Credit; Ship Repair Industry Credit; Tax Credit for Research Activities	WAM	
Net Income, General Excise	SB 2884 SD1	Establishes a nonrefundable individual income tax credit for a __% of expenses paid to retrofit a residence with wind resistive devices or to install a hurricane shelter. Reduces the general excise tax rate on income from the sale of a concrete high-rise certified hurricane-resistant residential project or certain hurricane-resistant components.	WAM	~~HB 2526~~
Net Income, General Excise	SB 3278 SD1	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.	WAM	HB 2429 HD1
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.	WAM	
Miscellaneous	**Bill No.**	**Description**	**Status**	**Companion**
	HB 1713 HD1	Repeals school impact fees. Lapses existing funds to the School Facilities Special Fund.	FIN	
	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.	FIN	~~SB 2860~~
	SB 2598	Authorizes the use of moneys in certain special and revolving funds for operation and administration costs of the programs.	WAM	
	SB 2602 SD1	Lapses excess funds in the University of Hawai‘i Tuition and Fees Special Fund to the credit of the general fund.	WAM	
	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.	WAM	
	SB 2921	Raids 200+ different non-general funds. The amounts to be transferred are all zero for now.	WAM	