TAX FOUNDATION
OF HAWAII
735 Bishop Street, Suite 417, Honolulu, Hawaii 96813 Telephone 536-4587 www.tfhawaii.org

April 11, 2026

2026 Administration Proposals			
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. SB 3125 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. SB 3125 HD 1: Adds a new bracket structure with a 12% bracket beginning 2027. Doubles the Household and Dependent Care Credit, phases it out to 5% for taxpayers making >$160K. Limits the renewable energy technologies credit to <$250K single, <$350K joint.	SB 3125 HD1	~~HB 2306 HD1~~
[HTH-10]	Waters down the deposit beverage distributor audit requirement for small businesses. Thresholds in the bill for reduced audit requirements are all blank.	SB 3138 HD1	~~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 SD1

Legislative Tax Proposals				
Constitutional Amendment	**Bill No.**	**Description**	**Status**	**Companion**
	SB 3219 HD3	Allows counties to issue housing infrastructure growth bonds (tax increment financing) that would not count against the debt limit.	3rd	~~HB 2476 HD2~~
Income	**Bill No.**	**Description**	**Status**	**Companion**
	HB 1576 SD1	Requires DBEDT to provide public notice whenever a production prequalifies for the film production credit or obtains certain permits.	3rd	~~SB 2574~~
	HB 1591 SD2	Broadens the healthcare preceptor tax credit by eliminating limitation to primary care, and allowing dietitians, physician assistants, and social workers to qualify.	3rd	~~SB 3202 SD1~~, ~~HB 2206~~ (similar)
	HB 1661 SD1	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.	3rd	~~SB 2122 SD1~~
	HB 1920 SD2	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. The transferee may not further transfer the credit.	3rd	~~SB 2675 SD1~~
	HB 1972 SD1	Establishes a family caregiver tax credit. 75% of qualified expenses, not to exceed $3,000.	3rd	~~SB 2863~~
	HB 2241 SD2	Prohibits $250K+ AGI taxpayers from claiming the renewable energy technologies credit. Changes certain cap amounts. Allows more lower-income taxpayers to elect refundability	3rd	~~SB 3183 HD1~~

		without the 30% reduction in credit. HD removes certain cap amounts.		
	HB 2546 SD2	Changes tax credit for research activities so that credit is on gross amount of research expenses rather than on the increase over prior period. Keeps the aggregate cap of $5,000,000.	3rd	~~SB 3213~~
	SB 2376 HD2	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 2552 HD1	Increases the maximum annual deduction for contributions to, and maximum account levels for, individual housing accounts.	Disagree	~~HB 1837~~
	SB 2578 HD1	Establishes the Hawaii Film Commission and transfers functions including administration of the film production credit to the Commission.	Disagree	
	SB 2580 HD1	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.	Disagree	
	SB 2600 HD1	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 HD1	Establishes a nonrefundable agricultural investment tax credit of __% of qualified agricultural costs up to $_____. Sunsets 1/1/2031.	3rd	
	SB 2881 HD1	Allows a taxpayer getting a 1099-R to elect withholding of state taxes.	3rd	
General Excise/Use	**Bill No.**	**Description**	**Status**	**Companion**
	HB 1688 SD2	Amends aircraft maintenance exemption to include sale of aircraft parts.	3rd	~~SB 2399 SD2~~
	HB 2385 SD1	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~~
Motor Vehicle	**Bill No.**	**Description**	**Status**	**Companion**
	HB 2022 SD1	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**
	SB 3028 HD2	Restructures the conveyance tax to a marginal rate system and adjusts the tax for multifamily properties to reflect value on a per-unit basis. Adds a third rate category for properties on which there are no residential units. The highest marginal rate is raised from 1.25% to 9%. Adds a cost of living	3rd	

		adjustment to the rate brackets. Restructures the tax earmarks, including to a new special fund for Hawaiian home lands infrastructure and housing.		
Multiple Tax Types	**Bill No.**	**Description**	**Status**	**Companion**
Net Income, General Excise	HB 2429 SD2	Requires the Department of Business, Economic Development, and Tourism to study the effectiveness of tax expenditures and prepare summary descriptive statistics. Allows for DBEDT to access statistical tax return information. **(TFH recommended amendment adopted by WAM.)**	3rd	~~SB 3278 SD1~~
Net Income, General Excise, Unemployment	SB 2360 HD2	Adds health care and value-added agricultural product processing as qualified activities in an enterprise zone.	Disagree	
Transient Accom., Miscellaneous	SB 2698 HD1	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 HD1	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.	Disagree	~~HB 2141 HD2~~
Miscellaneous	**Bill No.**	**Description**	**Status**	**Companion**
	HB 1713 SD1	Repeals school impact fees. Lapses existing funds to the School Facilities Special Fund.	3rd	
	SB 2598 HD1	Authorizes the use of moneys in certain special and revolving funds for operation and administration costs of the programs.	3rd	
	SB 2602 HD2	On June 30, 2029, lapses excess funds in the University of Hawai'i Tuition and Fees Special Fund (unencumbered balance exceeding the reserve level established by the Regents) to the credit of the general fund.	3rd	
	SB 2921 HD1	Raids non-general funds. The table listing the funds and amounts to be transferred has been deleted in this version.	3rd	