

STAND. COM. REP. NO.

337

Honolulu, Hawaii

FEB 11 , 2025

RE: H.B. No. 796
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Economic Development & Technology, to which was referred H.B. No. 796 entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

begs leave to report as follows:

The purpose of this measure is to require income tax credits established or renewed after December 31, 2025, to include a five-year sunset or a gradual reduction over a three-year period, beginning with the sixth year of the credit.

Your Committee received testimony in opposition to this measure from HCANSpeaks!; SAG-AFTRA; Catholic Charities Hawai'i; Democratic Party of Hawai'i Labor Caucus; IATSE Local 665; Democratic Party of Hawai'i Education Caucus; and six individuals. Your Committee received comments on this measure from the Department of Taxation; Department of Business, Economic Development, and Tourism; and Tax Foundation of Hawaii.

Your Committee finds that the State must establish a more fiscally responsible phase-out process for tax credits to ensure the States's long-term economic well-being. This measure addresses this need by requiring income tax credits established or renewed after December 31, 2025, to include a five-year sunset or a gradual reduction over a three-year period, beginning with the sixth year of the credit.

2025-1686 HB796 HD1 HSCR HMSO



Your Committee has amended this measure by changing the effective date to July 1, 3000, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Economic Development & Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 796, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 796, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Technology,


GREGGOR ILAGAN, Chair



