
A BILL FOR AN ACT

RELATING TO A WORKFORCE BUILDER TAX CREDIT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that Hawaii's long-term
2 economic competitiveness depends on a skilled, adaptable, and
3 locally trained workforce aligned with the needs of the State's
4 private-sector employers. Employers across multiple industries
5 report that the costs associated with recruiting, training, and
6 supervising interns and apprentices are a significant barrier to
7 expanding work-based learning opportunities.

8 The legislature further finds that, while Hawaii currently
9 provides indirect workforce support through grants, training
10 reimbursements, and federal programs, the State does not offer a
11 direct, broad-based tax incentive to encourage private-sector
12 employers to create and sustain internship and apprenticeship
13 placements. While the State has established workforce-related
14 tax credits and incentive programs administered by the
15 department of labor and industrial relations, employer
16 participation in certain existing credit programs has been
17 limited, in part due to narrow eligibility criteria,



1 administrative complexity, and lack of alignment with employer-
2 driven workforce needs.

3 The legislature also finds that employer-led, demand-driven
4 workforce initiatives have demonstrated higher levels of
5 private-sector engagement. In particular, sector partnerships
6 coordinated by the Chamber of Commerce Hawaii have successfully
7 engaged a broad cross-section of employers to collaboratively
8 identify workforce needs, develop training pathways, and support
9 work-based learning opportunities aligned with industry demand.

10 The legislature additionally finds that expanding private-
11 sector participation in internships and apprenticeships requires
12 a broad-based and accessible incentive that complements existing
13 workforce programs, leverages proven employer networks, and
14 reduces the cost barriers faced by businesses – particularly
15 small- and medium-sized employers – when offering paid work-
16 based learning placements.

17 The purpose of this Act is to establish a workforce builder
18 tax credit to incentivize private-sector employers to provide
19 paid internships and apprenticeships, increase employer
20 participation in work-based learning, and strengthen Hawaii's



1 workforce pipeline through employer-led, industry-aligned
2 pathways.

3 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
4 amended by adding a new section to be appropriately designated
5 and to read as follows:

6 **"§235- Workforce builder tax credit.** (a) There shall
7 be allowed to each eligible employer subject to the taxes
8 imposed under this chapter a nonrefundable income tax credit for
9 each qualified intern or qualified apprentice employed by the
10 eligible employer during the taxable year.

11 (b) The amount of the tax credit shall be:
12 (1) \$1,000 for each qualified intern; or
13 (2) \$2,000 for each qualified apprentice,
14 employed by the eligible employer during the taxable year;
15 provided that the total credit claimed by any eligible employer
16 under this section shall not exceed the eligible employer's tax
17 liability for the taxable year.

18 (c) The department of taxation shall allow the credit
19 under this section upon certification by the department of labor
20 and industrial relations that the eligible employer has employed



1 a qualified intern or qualified apprentice during the taxable
2 year.

3 (d) The total amount of tax credits allowed under this
4 section shall not exceed \$5,000,000 in the aggregate for all
5 taxable years combined; provided that the department of taxation
6 shall disallow any credit claimed once the aggregate cap has
7 been reached.

8 (e) The department of labor and industrial relations, in
9 coordination with the department of taxation, shall adopt rules
10 pursuant to chapter 91 necessary to carry out the purposes of
11 this section.

12 (f) This section shall apply to taxable years beginning
13 after December 31, 2026.

14 (g) As used in this section:

15 "Eligible employer" means a private-sector business entity
16 subject to taxation under this chapter that employs one or more
17 qualified interns or qualified apprentices in the State.

18 "Qualified apprentice" means an individual who is:

19 (1) A resident of the State; and
20 (2) Employed by an eligible employer and registered in a
21 state or federally recognized apprenticeship program.



1 "Qualified intern" means an individual who is:

2 (1) A resident of the State;

3 (2) Engaged in a paid internship or work-based learning
4 placement with an eligible employer for no less than
5 three months during the taxable year; and

6 (3) Participating in a structured internship or work-based
7 learning program connected to an educational
8 institution, workforce training program, or industry-
9 recognized credential pathway, as determined by the
10 department of labor and industrial relations."

11 SECTION 3. The department of labor and industrial
12 relations, in coordination with the department of taxation,
13 shall submit a report to the legislature no later than
14 December 1, 2029, on the implementation and effectiveness of the
15 workforce builder tax credit. The report shall include:

16 (1) The number of participating employers;

17 (2) The number of interns and apprentices supported;

18 (3) The industry sectors represented;

19 (4) The fiscal impact of the tax credit; and

20 (5) Any recommendation for continuation, modification, or
21 expansion of the program.



1 The report shall be submitted in accordance with section 93-16,
2 Hawaii Revised Statutes.

3 SECTION 4. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$5,000,000 or so much
5 thereof as may be necessary for fiscal year 2026-2027 to
6 implement the workforce builder tax credit established under
7 this Act.

8 The sum appropriated shall be expended by the department of
9 taxation for the purposes of this Act.

10 SECTION 5. New statutory material is underscored.

11 SECTION 6. This Act shall take effect on July 1, 2026.

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INTRODUCED BY: Se

JAN 26 2026



H.B. NO. 2212

Report Title:

Taxation; DLIR; Income Tax; Workforce Builder Tax Credit; Report; Appropriation

Description:

Establishes an income tax credit for eligible employers who employ qualified interns or apprentices. Requires the Department of Labor and Industrial Relations, in coordination with the Department of Taxation, to report to the Legislature on the tax credit. Appropriates funds.

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