

JAN 28 2026

A BILL FOR AN ACT

RELATING TO LABOR DAY.

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

1 SECTION 1. The legislature finds that Labor Day is a
2 federal and state holiday dedicated to recognizing the workers
3 who contribute to the strength, prosperity, and well-being of
4 the nation and the State. The construction industry plays a
5 vital role in the economic and infrastructural development of
6 the State. The legislature recognizes that construction workers
7 often perform physically demanding and hazardous work. It is
8 fitting that these workers be afforded a paid day of rest and
9 recognition on Labor Day.

10 However, the legislature also recognizes that imposing the
11 cost of this paid holiday solely on private employers may create
12 an undue financial burden. Therefore, the legislature finds
13 that it is in the State's best interest to facilitate funding to
14 compensate construction workers for the Labor Day holiday.

15 Accordingly, the purpose of this Act is to:

16 (1) Establish a Labor Day tax credit for employers of
17 construction workers; and



1 (2) Require any employer of a construction worker to pay
2 the construction worker at a rate that is twice the
3 worker's regular rate of pay for any work performed on
4 Labor Day.

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

8 "\$235- Labor Day tax credit for employers of

9 construction workers. (a) Notwithstanding any other law to the

10 contrary, there shall be allowed to each taxpayer that employs

11 at least one construction worker and is subject to the tax

12 imposed by this chapter a refundable tax credit. The tax credit

13 shall be deductible from the taxpayer's net income tax

14 liability, if any, imposed by this chapter for the taxable year

15 in which the credit is properly claimed.

16 (b) The taxpayer shall be eligible for a separate tax
17 credit for each construction worker employed by the taxpayer on
18 the Labor Day holiday recognized by the State pursuant to
19 section 8-1, regardless of whether the construction worker
20 actually works on Labor Day.



1 (c) For each construction worker employed by the taxpayer,
2 the amount of the tax credit shall be calculated based on the
3 construction worker's average daily wage for an eight hour day
4 for the four weeks preceding Labor Day.

5 (d) If the Labor Day tax credit allowed under this section
6 exceeds the taxpayer's net income tax liability, the excess of
7 credit over liability shall be refunded to the taxpayer;
8 provided that no refunds or payment on account of the tax credit
9 allowed by this section shall be made for amounts less than \$1.

10 (e) All claims for tax credits under this section,
11 including any amended claims, must be filed on or before the end
12 of the twelfth month following the close of the taxable year for
13 which the credits may be claimed. Failure to comply with the
14 foregoing provision shall constitute a waiver of the right to
15 claim the credit.

16 (f) The director of taxation shall coordinate with the
17 department of labor and industrial relations to:

18 (1) Establish a process for employers to submit employees'
19 job titles and wage information; and
20 (2) Prepare any forms that may be necessary for a taxpayer
21 to claim a credit under this section.



1 (g) The director of taxation may require any taxpayer to
2 furnish information to ascertain the validity of the claim for
3 credit made under this section.

4 (h) No later than twenty days prior to each regular
5 session, the director of taxation shall submit proposed
6 legislation to the legislature for any appropriations necessary
7 to subsidize the tax credit authorized by this section.

8 (i) The director of taxation may adopt rules, pursuant to
9 chapter 91, necessary for the purposes of this section.

10 (j) For the purpose of this section, "construction worker"
11 means any individual employed in the private construction
12 industry, including:

13 (1) Ironworkers;

14 (2) Plumbers;

15 (3) Carpenters;

16 (4) Electricians;

17 (5) Mason workers;

18 (6) Roofers;

19 (7) Laborers;

20 (8) Operators of construction equipment;

21 (9) Sheet metal workers;



1 **"§388- Labor Day; construction workers; double pay.**

2 (a) Any employer of a construction worker, as defined in
3 section 235- (j); shall pay the construction worker at a rate
4 that is twice the worker's regular rate of pay for any work
5 performed on the Labor Day holiday established pursuant to
6 section 8-1. The employer may also claim the tax credit
7 established pursuant to section 235- .

8 (b) The department of labor and industrial relations shall
9 adopt rules, pursuant to chapter 91, necessary for the purposes
10 of this section."

11 SECTION 4. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$ or so
13 much thereof as may be necessary for fiscal year 2026-2027 for
14 to subsidize the refundable tax credit established pursuant to
15 section 2 of this Act.

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

18 SECTION 5. There is appropriated out of the general
19 revenues of the State of Hawaii the sum of \$ or so
20 much thereof as may be necessary for fiscal year 2026-2027 to



1 enforce statutory requirements pursuant to section 3 of this
2 Act.

3 The sum appropriated shall be expended by the department of
4 labor and industrial relations for the purposes of this Act.

5 SECTION 6. This Act does not affect rights and duties that
6 matured, penalties that were incurred, and proceedings that were
7 begun before its effective date.

8 SECTION 7. New statutory material is underscored.

9 SECTION 8. This Act shall take effect on July 1, 2026;
10 provided that section 2 shall apply to taxable years beginning
11 after December 31, 2025.

12

INTRODUCED BY: Kurt Fevella



S.B. NO. 3196

Report Title:

DOTAX; DLIR; Refundable Tax Credit; Construction Workers; Labor Day

Description:

Establishes a Labor Day tax credit for employers of construction workers. Requires any employer of a construction worker to pay the construction worker at a rate that is twice the worker's regular rate of pay for any work performed on Labor Day.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

