

Honolulu, Hawaii

FEB 05 , 2026

RE: H.B. No. 1851
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Labor, to which was referred H.B. No. 1851
entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish an apprenticeship program income tax credit for certain qualified costs incurred by a qualified apprenticeship program.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations; Hawaii Primary Care Association; Hawaii Food Industry Association; and Maui Chamber of Commerce. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that employers and training providers across the State continue to face challenges in expanding apprenticeship opportunities due to the high costs associated with program compliance, instruction, and maintaining high-quality, industry-aligned training. These financial barriers limit the number of apprentices who can be trained and reduce the capacity of programs to respond to workforce shortages in key sectors. This measure addresses these issues by providing a targeted income



tax credit that supports qualified apprenticeship programs and helps strengthen workforce development statewide.

Your Committee has amended this measure by:

- (1) Changing the tax credit amount to be \$4,800 or fifty percent of the wages, whichever is less, paid to each apprentice and clarifying the definition of "qualified cost";
- (2) Authorizing a taxpayer to apply the credit to the same apprentice for up to two consecutive taxable years;
- (3) Inserting an unspecified sunset date;
- (4) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Your Committee respectfully requests your Committee on Economic Development & Technology, should it deliberate on this measure, to consider the following:

- (1) Inserting a cap for the tax credit of \$1,500,000 per taxable year;
- (2) Applying the measure to taxable years beginning after December 31, 2026; and
- (3) Inserting a sunset date of December 31, 2036.

As affirmed by the record of votes of the members of your Committee on Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1851, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1851, H.D. 1, and be referred to your Committee on Economic Development & Technology.



Respectfully submitted on
behalf of the members of the
Committee on Labor,



JACKSON D. SAYAMA, Chair



HSCR 19-26

Bill/Resolution No.: HB 1851		Committee Referral: LAB, ECO, FIN		Date: 2/3/26
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to:				
<input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. SAYAMA, Jackson D. (C)	X			
2. LEE, Mike (VC)	X			
3. GARRETT, Andrew Takuya	X			
4. KAPELA, Jeanne	X			
5. KONG, Sam Satoru	X			
6. REYES ODA, Julie	X			
TOTAL (6)	6			
The recommendation is:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: _____				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				