STAND. COM. REP. NO. 699-26

Honolulu, Hawaii
FEB 20, 2026

RE: H.B. No. 1937
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 Education, to which was referred H.B. No. 1937, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXES,"

begs leave to report as follows:

The purpose of this measure is to:

(1) Exclude the sale of a motor vehicle to a lessor of rental motor vehicles for use as a rental motor vehicle as a sale at wholesale;

(2) Impose the maximum allowable excise tax on the use of tangible personal property in the State for the importation or purchase of a motor vehicle by a lessor of rental motor vehicles for use as a rental motor vehicle;

(3) Establish a Teacher Temporary Hazard Pay Special Fund to pay a temporary hazard pay bonus to certain eligible teachers; and

(4) Beginning July 1, 2026, through July 1, 2030, deposit the additional tax revenue generated by the additional excise tax imposed by this measure into the Teacher Temporary Hazard Pay Special Fund.

Your Committee received testimony in support of this measure from the Office of the Governor; Hawai'i State Teachers Association; Chamber of Progress; Democratic Party of Hawai'i Education Caucus; and numerous individuals. Your Committee received testimony in opposition to this measure from Avis Budget Car Rental, LLC; United Public Workers, AFSCME Local 646, AFL-CIO; Hertz Corporation; Enterprise Mobility; Hawaii Automobile Dealers Association; Servco; and Pasha Hawaii. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee find that teachers did not receive hazard pay for working through the COVID-19 pandemic. This measure will create a source of funding to compensate eligible teachers for their frontline service during the pandemic.

Your Committee respectfully requests your Committee on Finance, should it deliberate on this measure, to examine the tax mechanics and the concerns raised about implementing this measure as discussed in the testimony.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1937, H.D. 1, and recommends that it be referred to your Committee on Finance.

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

JUSTIN H. WOODSON, Chair

State of Hawaii
House of Representatives
The Thirty-third Legislature HSCR 699-26

## Record of Votes of the Committee on Education

| Bill/Resolution No.: | Committee Referral: | Date: |
|---|---|---|
| HB 1937 HD1 | TRN, EDN, FIN | 2/19/26 |

☐ The committee is reconsidering its previous decision on the measure.

**The recommendation is to:** ☑ Pass, unamended (as is) ☐ Pass, with amendments (HD) ☐ Hold
☐ Pass short form bill with HD to recommit for future public hearing (recommit)

| EDN Members | Ayes | Ayes (WR) | Nays | Excused |
|---|---|---|---|---|
| 1. WOODSON, Justin H. (C) | ✓ | | | |
| 2. LA CHICA, Trish (VC) | ✓ | | | |
| 3. AMATO, Terez | | ✓ | | |
| 4. EVSLIN, Luke A. | ✓ | | | |
| 5. GARRETT, Andrew Takuya | ✓ | | | |
| 6. KAPELA, Jeanne | ✓ | | | |
| 7. KILA, Darius K. | ✓ | | | |
| 8. OLDS, Ikaika | | ✓ | | |
| 9. MURAOKA, Christopher L. | | | ✓ | |
| 10. SOUZA, Kanani | ✓ | | | |
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| TOTAL (10) | 7 | 2 | 1 | |

**The recommendation is:** ☑ Adopted ☐ Not Adopted
If joint referral, _____ did not support recommendation.
committee acronym(s)

**Vice Chair's or designee's signature:** Trish La Chica

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