STAND. COM. REP. NO. 3347

Honolulu, Hawaii

MAR 30 2026

RE: H.B. No. 2429
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Economic Development and Tourism, to which was referred H.B. No. 2429, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAX EXPENDITURE EVALUATION,"

begs leave to report as follows:

The purpose and intent of this measure is to, for tax years beginning after December 31, 2026, require the filing of tax expenditure disclosure statements to, and evaluation by, the Department of Business, Economic Development, and Tourism as a condition for claiming certain income tax credits and general excise and use tax exemptions.

Your Committee received testimony in support of this measure from one individual.

Your Committee received comments on this measure from the Department of Taxation; Creative Industries Division of the Department of Business, Economic Development, and Tourism; Tax Foundation of Hawaii; and one individual.

Your Committee finds that tax expenditures, including tax credits, represent significant commitments of public funds, and are intended to fulfill specific objectives, such as expanding local film production. Your Committee further finds that, as policy priorities and economic contexts evolve, continuous



monitoring of the use and outcomes of tax expenditures is integral to ensuring public funds are expended responsibly. This measure implements a best practice in tax policy to facilitate greater transparency, long-term oversight of tax expenditures, and data-driven policy decisions.

Your Committee acknowledges the concerns raised in testimony that the information to be submitted in the required statements may be insufficient for the Department of Business, Economic Development, and Tourism to conduct a meaningful analysis of tax expenditures to effectuate the intent of this measure. Additionally, the Department of Taxation, rather than the Department of Business, Economic Development, and Tourism, is best suited to prescribe and receive the statements filed by taxpayers. Therefore, amendments to this measure are necessary to address these matters.

Accordingly, your Committee has amended this measure by:

(1) Inserting language that requires the Department of Business, Economic Development, and Tourism, in collaboration with the Department of Taxation, to develop the appropriate schedules and tax return forms to collect adequate information for the evaluation of tax expenditures to be filed with the Department of Taxation pursuant to this measure;

(2) Requiring the Department of Taxation to share the tax expenditure disclosure forms filed pursuant to this measure with the Department of Business, Economic Development, and Tourism upon request;

(3) Allowing the Department of Taxation to require taxpayers to authorize the disclosure of additional tax expenditure information requested by the Department of Business, Economic Development, and Tourism for the purpose of evaluating the effectiveness of tax expenditures to be filed with the Department of Taxation pursuant to this measure, as a condition to claiming a tax credit under chapter 235, Hawaii Revised Statutes, or tax exemption under chapter 237 or 238, Hawaii Revised Statutes, with exceptions;

(4) Clarifying that the Department of Taxation shall not require the disclosure of any tax records or information prohibited from disclosure by federal law;

(5) Requiring taxpayers to file with the Department of Taxation a form prescribed by the Director of Taxation as a condition to claiming an income tax credit under chapter 235, Hawaii Revised Statutes, or tax exemption under chapter 237 or 238, Hawaii Revised Statutes;

(6) Expanding the types of information to be included in the forms filed with the Department of Taxation as a condition to claiming an income tax credit under chapter 235, Hawaii Revised Statutes, to include:

(A) The type of claimant;

(B) The location of use of the tax credit;

(C) The annual revenue impact of the tax credit;

(D) The number of jobs created by the tax credit;

(E) The amount of any additional capital investments created by the use of the tax credit; and

(F) Any additional information regarding the tax credit requested by the Director of Taxation;

(7) Expanding the types of information to be included in the forms filed with the Department of Taxation as a condition to claiming a tax exemption under chapter 237 or 238, Hawaii Revised Statutes, to include any additional information regarding the tax exemption requested by the Director of Taxation;

(8) Inserting an effective date of July 1, 3050, to encourage further discussion; and

(9) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.



As affirmed by the record of votes of the members of your Committee on Economic Development and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2429, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2429, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Tourism,
Development and Tourism,

LYNN DECOITE, Chair

The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Economic Development and Tourism
EDT

Bill / Resolution No.:*	Committee Referral:	Date:
HB2429, HD2	EDT, WAM	03/24/26

☐ The Committee is reconsidering its previous decision on this measure.
If so, then the previous decision was to: _____

The Recommendation is:
☐ Pass, unamended 2312 ☑ Pass, with amendments 2311 ☐ Hold 2310 ☐ Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
DECOITE, Lynn (C)	✓			
WAKAI, Glenn (VC)	✓			
FUKUNAGA, Carol				✓
KIM, Donna Mercado	✓			
FEVELLA, Kurt	✓			
TOTAL	4	Ø	Ø	1

Recommendation: ☑ Adopted ☐ Not Adopted

Chair's or Designee's Signature:

Distribution: Original — File with Committee Report; Yellow — Committee; Pink — Drafting Agency

*Only one measure per Record of Votes

Revised: 01/02/26