

STAND. COM. REP. NO. **3735**

Honolulu, Hawaii

**APR 10 2026**

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

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

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 2429, H.D. 2, S.D. 1, 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 increase transparency and accountability in the State's taxation system.

Specifically, this measure:

- (1) Requires the filing of tax expenditure disclosure forms with the Department of Taxation as a condition for claiming certain income tax credits and general excise and use tax exemptions; and
- (2) Requires the Department of Business, Economic Development, and Tourism, in collaboration with the Department of Taxation, to use data collected from the tax expenditure disclosure forms to study the effectiveness of tax expenditures, prepare summary descriptive statistics, and submit an annual report to the Legislature.

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



Your Committee received written comments in opposition to this measure from two individuals.

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

Your Committee finds that, once enacted, income tax credits and general excise and use tax exemptions often remain in place for years with limited reassessment. Your Committee believes that these credits and exemptions should be subject to periodic review to ensure that they remain effective, fair, and aligned with evolving public priorities. This measure establishes a formal structure for the review of tax credits and general excise and use tax exemptions to help ensure that the State's taxation system is efficiently fulfilling its intended purposes.

Your Committee recognizes concerns raised in testimony regarding the mechanism by which the Department of Business, Economic Development, and Tourism would obtain taxation data to conduct its study of the effectiveness of tax expenditures and finds that amendments are necessary to address these concerns.

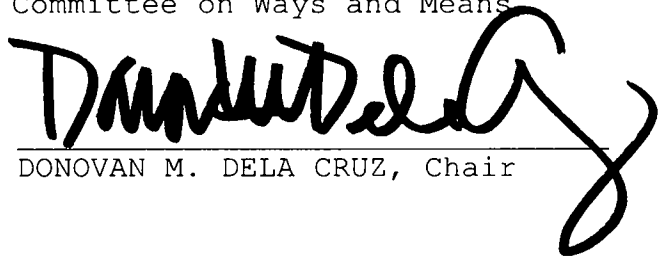
Accordingly, your Committee has amended this measure by:

- (1) Deleting language requiring:
  - (A) Taxpayers to file tax expenditure disclosure forms as a condition for claiming certain income tax credits and general excise tax and use tax exemptions; and
  - (B) The Department of Business, Economic Development, and Tourism to use information from the tax expenditure disclosure forms in their evaluation of the effectiveness of tax expenditures; and
- (2) Instead, authorizing Department of Business, Economic Development, and Tourism staff who are conducting an evaluation of tax expenditures to examine income tax, general excise tax, and use tax returns.



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

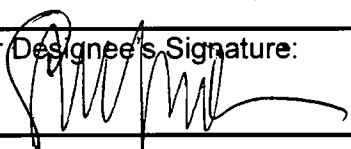
Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means

  
DONOVAN M. DELA CRUZ, Chair



The Senate  
Thirty-Third Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2429, HDZ, SDI	EDT, WAM	04/08/2026		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
DECOITE, Lynn	X			
ELEFANTE, Brandon J.C.	X			
HASHIMOTO, Troy N.	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
RICHARDS, III, Herbert M. "Tim"	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
<b>TOTAL</b>	13	0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:            Original                      Yellow                      Pink File with Committee Report    Committee                      Drafting Agency				

\*Only one measure per Record of Votes