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:
HB2429, HD2, SD1	EDT, WAM	04/08/2026

☐ 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
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			
TOTAL	13	0	0	0

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