

Honolulu, Hawaii

MAY 01 2026

RE: S.B. No. 2881
S.D. 1
H.D. 1
C.D. 1

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

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

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2881, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO STATE INCOME TAX,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose and intent of this measure is to facilitate the efficient collection of state income taxes from taxpayers who receive income that is subject to reporting on Internal Revenue Service Form 1099-R.

More specifically, the measure:

- (1) Provides that a taxpayer may elect to make that income subject to state income tax withholding; and
- (2) Requires the Department of Taxation to adopt applicable rules pursuant to chapter 91, Hawaii Revised Statutes, to administer the voluntary withholdings.



The legislature finds that authorizing the voluntary withholding of taxable distributions subject to reporting on Internal Revenue Service Form 1099-R, including income from individual retirement arrangements and tax-deferred annuities, would improve the State's tax administration, reduce taxpayers' risk of underpayment, and enhance the State's ability to collect revenue in a timely and consistent manner.

Your Committee has amended this measure by making the measure effective upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2881, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2881, S.D. 1, H.D. 1, C.D. 1.

Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE


JENNA TAKENOUCHI
Chair

ON THE PART OF THE SENATE


DONNA MERCADO KIM
Chair



Hawai'i State Legislature

Record of Votes of a
Conference Committee

CLR 109-26

Bill / Concurrent Resolution No.: SB 2881, SD 1, HD 1					Date/Time: 4/30/2026 11:00 AM				
☒ The recommendation of the House and Senate managers is to pass with amendments (CD).									
☐ The Committee is reconsidering its previous decision.									
☐ The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					☐ The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
KIM, Donna Mercado, Chr.	/				TAKENOUCHI, Jenna, Chr.	/			
MORIWAKI, Sharon Y.	/				KITAGAWA, Lisa	/			
FEVELLA, Kurt	/				GEDEON, Joe	/			
TOTAL	3	0	0	0	TOTAL	3	0	0	0
A = Aye		WR = Aye with Reservations		N = Nay		E = Excused			
Senate Recommendation is:					House Recommendation is:				
☒ Adopted ☐ Not Adopted					☒ Adopted ☐ Not Adopted				
Senate Lead Chair's or Designee's Signature:					House Lead Chair's or Designee's Signature:				
									
Distribution:		Original		Yellow		Pink		Goldenrod	
		File with Conference Committee Report		House Clerk's Office		Senate Clerk's Office		Drafting Agency	