

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 2028, Relating to Labor Day

BEFORE THE:

House Committee on Labor

DATE: Tuesday, February 3, 2026
TIME: 9:30 a.m.
LOCATION: State Capitol, Conference Room 309

Chair Sayama, Vice-Chair Lee, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 2028 for your consideration.

H.B. 2028 establishes a refundable tax credit for employers who provide a paid Labor Day holiday to construction workers.

The bill defines "construction worker" as "any individual employed in the construction industry, including but not limited to: (1) Ironworkers; (2) Plumbers; (3) Carpenters; (4) Electricians; (5) Mason; (6) Roofers; (7) Laborers; (8) Operators of construction equipment; (9) Sheet-metal workers; (10) Elevator workers; (11) Heat and frost insulators and related workers; (12) Bricklayers and related workers; (13) Boiler makers; (14) Painters, glaziers, floor layers, and tapers; (15) Roofers, waterproofer, and related workers; and (16) Any other worker whose primary duties involve on-site construction, alteration, or repair of buildings, structures, or infrastructure."

The bill is not applicable to construction workers employed by the state of Hawai'i or any of its political subdivisions who are already entitled to paid holidays under applicable collective bargaining agreements or civil service rules.

The tax credit is calculated based on the construction worker's average daily wage for the four weeks preceding Labor Day for an eight-hour day. A taxpayer is eligible for the tax credit for each construction worker employed for which the taxpayer provides a paid day off on Labor Day.

The tax credit must be claimed against the taxpayer's net income tax liability, on or before the end of the twelfth month following the close of the taxable year. No tax credit carry-forward is allowed.

The director of taxation is authorized to prepare necessary forms, require the taxpayer to furnish information to ascertain the validity of a claim for the tax credit, and to adopt rules necessary for implementation. The bill is effective upon approval and applies to taxable years beginning after December 31, 2025.

First, DOTAX recommends that the tax credit be made nonrefundable, as nonrefundable tax credits are less susceptible to waste, fraud, and abuse.

Second, DOTAX recommends calculating the credit based on a per employee fixed dollar amount as the "average daily wage" formula for calculation of the credit is problematic, since it presents a potential for waste, fraud, and abuse without clear limits regarding whether overtime, premium pay, or bonuses paid during the four-week base period are included in the calculation.

Third, DOTAX notes that the bill does not prohibit an employer who engages in business in multiple states to claim the credit for providing Labor Day off to nonresident construction workers who are employed outside the State. Making the credit nonrefundable would address this issue in part, as the taxpayer would not be able to receive a refund if the credit exceeds the taxpayer's liability for Hawai'i taxes.

Fourth, DOTAX recommends adding language to guard against a taxpayer receiving double benefits based on the same claimed costs, as follows:

“No taxpayer that claims a credit under this section shall claim a deduction or any other credit for the same qualified costs under this chapter.”

Finally, DOTAX notes that the definition of “construction worker” contains two references to “roofers,” and is not limited to the enumerated list. This phrasing is non-exhaustive, which could allow for ambiguity in its application to other, non-listed types of individuals employed in the construction industry (such as a 1099 worker, off-site workers such as prefabricators (which can include carpenters, painters, laborers), company office workers, etc.).

Thank you for the opportunity to provide comments on this measure.

Testimony of the Contractors License Board

**Before the
House Committee on Labor
Tuesday, February 3, 2026
9:30 a.m.
Conference Room 309 and Videoconference**

**On the following measure:
H.B. 2028, RELATING TO LABOR DAY**

Chair Sayama, and Members of the Committee:

My name is Kerrie Shahan, and I am the Executive Officer of the Contractors License Board (Board). The Board will review this bill at its next publicly noticed meeting on February 20, 2026. For now, the Board offers the following comments.

The purpose of the bill is to establish a refundable tax credit for employers who provide a paid Labor Day holiday to construction workers and provide a mechanism for claiming the refundable tax credit.

The bill does not make it clear if the tax credit would include hourly wages only or if it would also include the additional payroll deductions for which an employer is responsible such as Federal Income Contribution (FICA) taxes, Federal Unemployment (FUTA) taxes, State Unemployment (SUTA) taxes or union burdens.

Thank you for the opportunity to testify on this bill.

January 30, 2026

Chair Jackson D. Sayama
Vice Chair Mike Lee
Members of the House Committee on Labor
Thirty-Third Legislature, Regular Session of 2026

RE: **STRONG SUPPORT** for HB 2028 – Relating to Labor Day

Hearing Date: February 3, 2026, at 9:30 AM

Aloha Chair Sayama, Vice Chair Lee and Members of the Committee,

Mahalo for the opportunity to submit testimony on behalf of the Hawaii Iron Worker's Stabilization Fund in **STRONG SUPPORT** of HB 2028. This measure appropriately recognizes the essential contributions of construction workers by encouraging employers to provide a paid Labor Day holiday through a refundable tax credit. Construction workers play a vital role in building and maintaining Hawai'i's economic future, yet many do not receive paid time off on Labor Day despite the holiday's purpose of honoring working people.

Labor Day was established to recognize the achievements of our nation's workers, particularly those engaged in physically demanding and essential occupations. Construction work is among the most strenuous and impactful labor performed, often requiring long hours, difficult conditions, and work schedules that extend through weekends and holidays. Providing a paid Labor Day holiday recognizes construction workers' contributions and allows them to observe the holiday without suffering a loss of income.

House Bill 2028 strikes an appropriate balance between supporting workers and respecting the operational realities of employers. Rather than imposing a mandate, the bill offers a refundable tax credit that incentivizes employers to provide paid leave voluntarily. This approach promotes fairness and consistency across all types of Hawaii's construction workers while helping contractors—especially small and medium-sized firms—offset the cost of providing this important benefit.

Paid time off contributes to workforce stability, morale, and retention, all of which are critical issues in Hawai'i's construction industry as the state seeks to address housing shortages, infrastructure needs, and long-term economic development. Encouraging paid recognition of Labor Day supports not only workers and their families, but also the broader public interest by strengthening the construction workforce and promoting equitable employment practices.

Members of the House Committee on Labor

January 30, 2026

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For these reasons, we strongly urge this committee to pass House Bill 2028 in support of Hawai'i's working men and women

Mahalo,

A handwritten signature in black ink, appearing to read "Michael L. Iosua". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael L. Iosua



Iron Workers Stabilization Fund

T. George Paris
Managing Director

February 2, 2025

Chair Jackson D. Sayama
Vice Chair Mike Lee
Members of the House Committee on Labor
Thirty-Third Legislature, Regular Session of 2026

RE: **STRONG SUPPORT** for HB 2028 – Relating to Labor Day

Hearing Date: February 3, 2026 at 9:30 AM

Aloha Chair Sayama, Vice Chair Lee and Members of the Committee,

Mahalo for the opportunity to submit testimony on behalf of the Hawaii Iron Workers Stabilization Fund in **STRONG SUPPORT** of HB 2028 – RELATING TO LABOR DAY. This bill would create a refundable tax credit for employers who provide a paid Labor Day holiday to construction workers which would help recognize the holiday's purpose of honoring workers' contributions to Hawaii's economy and communities.

Construction is a cornerstone of Hawaii's economy, employing tens of thousands of residents. It is also physically demanding work. Labor Day is a federally recognized holiday dedicated to honoring the social and economic achievements of our nation's workers, and also providing time off from physical demands of labor. Despite the noble purpose, most workers in construction and other trades do not receive paid time off for this holiday. Construction workers regularly work long hours and often through holidays to meet project deadlines that support our state's infrastructure, housing, and economic growth. A paid day off helps to ensure workers are not economically penalized for observing a holiday that honors their labor — particularly for hourly workers who may see a meaningful pay difference from unpaid leave. Thus HB 2028 aligns Hawaii law with the spirit of Labor Day by encouraging paid recognition of this important day for workers and families.



Iron Workers Stabilization Fund

HB 2028 also provides the incentives to support workers without burdening employers. Rather than mandating paid leave outright — which could impose financial strain, especially on smaller contractors — the refundable tax credit encourages employers to voluntarily provide paid holidays. This incentive can help cover associated labor costs while promoting equitable treatment of workers. By establishing a consistent tax incentive for paid Labor Day observance, the State helps level the playing field across firms — ensuring that companies that invest in their workforce are supported and that workers receive the benefits they deserve.

This bill reflects a broader, pro-worker tax policy approach that acknowledges the value of living wages, paid time off, and benefits that strengthen workforce stability and morale. Similar legislative efforts that tie economic incentives to worker-friendly practices have proven effective in supporting families and businesses alike.

I strongly urge this committee to pass HB 2028. This bill appropriately honors the purpose of Labor Day, supports construction workers' economic well-being, and provides meaningful incentives to employers without imposing undue burden. It reflects a common-sense, pro-workforce policy that aligns with core union values of fairness, dignity, and economic justice for working people across Hawaii.

Sincerely,

T. George Paris
Managing Director

OCG LLC

Onipa'a Consulting Group 3535 Maluhia Street * Honolulu, Hawaii 96816 * Phone (808) 808*381*9529

February 2, 2026

Chair Jackson D. Sayama
Vice Chair Mike Lee
Members of the House Committee on Labor

RE: HB 2028 Relating to Labor Day

Aloha Chair, Vice Chair and Members of the House Committee on Labor,

Mahalo for the opportunity to submit testimony on behalf of the Hawaii Iron Worker's Stabilization Fund in Support of HB 2028. In summary, the bill encourages employers to provide a paid Labor Day holiday that is offset via a refundable tax credit.

Ironically, Labor Day was established to recognize and reward workers who work under the most demanding conditions with a paid holiday however, many workers in the construction industry do not and cannot participate in the holiday honoring labor.

In a small way the bill will provide some parity with other workers benefiting from a paid holiday and will help working people to remain in Hawaii. The recognition of Labor Day as a paid holiday for the construction industry will strengthen the labor workforce that is so essential to Hawaii's economic future.

For these reasons, we strongly support Bill 2028.

Mahalo,

A handwritten signature in black ink, appearing to read "Gary T. Kurokawa", with a long horizontal flourish extending to the right.

Gary T. Kurokawa

HB-2028

Submitted on: 2/2/2026 2:39:37 PM

Testimony for LAB on 2/3/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Concerned Citizen	Individual	Support	In Person

Comments:

Bill Number:HB2028

Bill Title: Establishing a Refundable Tax Credit for Employers Providing a Paid Labor Day Holiday to Construction Workers

Testifier: Concerned Citizen

To: Chair and Members of the Committee

Aloha, I am a concerned citizen of our community. I am submitting testimony in support of this bill.

I chose this bill because I think construction workers do some of the hardest and most important work in Hawai‘i, and they deserve recognition and a paid day off on Labor Day. I also understand that paying for this holiday can be expensive for employers, so I like that this bill provides a tax credit. This makes it easier for businesses to give their workers a day of rest without facing a financial burden.

I believe this legislation is a fair way to support both construction workers and the employers who rely on them. I respectfully urge the committee to pass this bill.

Mahalo for the opportunity to testify.

Concerned Citizen

HB-2028

Submitted on: 2/2/2026 6:15:19 PM

Testimony for LAB on 2/3/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Mel Kahele	Individual	Support	Written Testimony Only

Comments:

Labor Chair Sayama. Vice Chair Lee and members of the Committee.

I'm in strong support of HB 2028. I urge this committee to pass HB 2028.

Sincerely,

Mel Kahele,

Ironworkers Local 625 Stabilization Fund