

Honolulu, Hawaii

MAR 06 , 2026

RE: H.B. No. 1850  
H.D. 2

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

Madame:

Your Committee on Finance, to which was referred H.B. No. 1850, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CAPITAL GAINS TAX,"

begs leave to report as follows:

The purpose of this measure is to increase the:

- (1) Capital gains tax rate for individuals, estates, and trusts to nine percent; and
- (2) Alternative capital gains tax for corporations to five percent.

Your Committee received testimony in support of this measure from the Hawai'i Public Health Institute; Hawai'i Children's Action Network Speaks!; Hawai'i Tax Fairness Coalition; Indivisible Hawai'i; Hawai'i Appleseed Center for Law and Economic Justice; Kaua'i Women's Caucus; and numerous individuals. Your Committee received testimony in opposition to this measure from the Chamber of Commerce Hawai'i; Hawai'i Association of REALTORS; Hawai'i Food Industry Association; Grassroot Institute of Hawai'i; and five individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

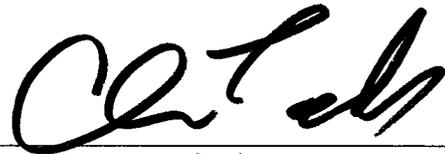
Your Committee has amended this measure by:



- (1) Specifying that capital gains shall be taxed as ordinary income and the capital gains tax rate of 7.25 percent shall only apply to capital gains from the sale of real property that is used as a principal home and eligible for a county homeowner's exemption; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1850, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1850, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Finance,



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CHRIS TODD, Chair



