

STAND. COM. REP. NO. 3701

Honolulu, Hawaii

APR 10 2026

RE: H.B. No. 2385
H.D. 3
S.D. 1

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. 2385, H.D. 3, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to address the ongoing shortage of affordable housing in the State.

More specifically, this measure authorizes the Hawaii Housing Finance and Development Corporation to approve and certify general excise tax exemptions for certain housing projects developed under county housing incentive programs.

Your Committee received written comments in support of this measure from the Hawaii Housing Finance and Development Corporation, AARP Hawaii, Centre Urban Real Estate, Grassroot Institute of Hawaii, Maui Chamber of Commerce, and Avalon Development Company.

Your Committee received written comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that to increase the State's housing supply and address its severe housing shortage, it is essential to reduce regulatory barriers and development costs. Your Committee



further finds that the counties play a critical role in facilitating affordable housing production. Your Committee believes that, by extending general excise tax exemptions to certain qualified housing development projects, this measure will reduce development costs and help make the projects more financially feasible.

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. 2385, H.D. 3, S.D. 1, and recommends that it pass Third Reading.

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



DONOVAN M. DELA CRUZ, Chair



