

Honolulu, Hawaii
FEB 18 , 2026

RE: H.B. No. 2429
H.D. 1

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

Madame:

Your Committee on Economic Development & Technology, to which was referred H.B. No. 2429 entitled:

"A BILL FOR AN ACT RELATING TO TAX EXPENDITURE EVALUATION,"

begs leave to report as follows:

The purpose of this measure is to require tax expenditure disclosure to, and evaluation by, the Department of Business, Economic Development, and Tourism for certain income tax credits and general excise and use tax exemptions.

Your Committee received comments on this measure from the Department of Business, Economic Development, and Tourism; Department of Taxation; and Tax Foundation of Hawaii.

Your Committee finds that there is a need to periodically review certain tax incentives, such as tax credits and general excise and use tax exemptions, to ensure these incentives are being appropriately used and the intended outcomes are being achieved. Your Committee further finds that periodic reviews allow for the collection of data on important metrics such as job creation, economic growth, investment levels, or targeted social benefits relative to the cost of the tax incentive. This measure facilitates the review of tax incentives and the State's tax policies and enhances transparency by requiring taxpayers who



claim certain credits and exemptions to report basic information that will enable meaningful evaluation of tax expenditures.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; 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 Economic Development & Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2429, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2429, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Technology,



GREGGOR ILAGAN, Chair



