

Honolulu, Hawaii

FEB 18 , 2026

RE: H.B. No. 2438
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 Judiciary & Hawaiian Affairs, to which was referred H.B. No. 2438, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII CULTURAL TRUST,"

begs leave to report as follows:

The purpose of this measure is to establish:

- (1) The Hawaii Cultural Trust and Hawaii Cultural Trust Account within the state treasury and a Hawaii Cultural Trust Coordinator and Hawaii Cultural Trust Advisory Committee within the Department of Business, Economic Development, and Tourism;
- (2) An income tax credit for contributions made to the Hawaii Cultural Trust and qualified Hawaii cultural organizations; and
- (3) A special number plate for motor vehicles to support the Hawaii Cultural Trust.

Your Committee received testimony in support of this measure from the Hawai'i State Foundation on Culture and the Arts; Office of Hawaiian Affairs; Prince Dance Company and Institute; Hawai'i Arts Alliance; Donkey Mill Art Center; and four individuals. Your Committee received comments on this measure from the Department of



Business, Economic Development, and Tourism; Department of Taxation; Tax Foundation of Hawaii; and one individual.

Your Committee finds that directing fifty percent of trust revenues to the Office of Hawaiian Affairs is consistent with the Office's constitutional and statutory responsibilities to serve as a trust entity for the betterment of Native Hawaiians and to support the perpetuation of Native Hawaiian culture, language, arts, and traditional practices through grants and community-based programs.

Your Committee has amended this measure by:

- (1) Establishing the Hawaii Cultural Trust within the Department of Business, Economic Development, and Tourism, to be administered by the Hawaii Cultural Trust Coordinator;
- (2) Assigning responsibility for administering the Hawaii Cultural Trust Account and submission of the annual report to the Hawaii Cultural Trust;
- (3) Establishing the Hawaii Cultural Trust Advisory Committee within the Hawaii Cultural Trust, rather than the Department of Business, Economic Development, and Tourism;
- (4) Amending the membership of the Hawaii Cultural Trust Advisory Committee by removing the inclusion of the chairpersons of legislative committees;
- (5) Inserting language regarding the filing deadline for the income tax credit;
- (6) Inserting language to permanently exempt the Hawaii Cultural Trust Coordinator from civil service laws;
- (7) Amending the effective date for the income tax credit to apply to taxable years beginning after December 31, 2026;
- (8) Changing the effective date to July 1, 3000, to encourage further discussion; and



- (9) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee respectfully requests your Committee on Finance, should it deliberate on this measure, to consider the Department of Business, Economic Development, and Tourism's request for dedicated program resources, including at minimum:

- (1) One full-time (1.0 FTE) Hawaii Cultural Trust Coordinator position (program lead);
- (2) One fiscal/grants management staff position to manage fund accounting, tracking, reporting, and compliance; and
- (3) Administrative and policy support associated with rulemaking, Hawaii Cultural Trust Advisory Committee coordination, and reporting.

Your Committee respectfully requests your Committee on Finance to also consider addressing the concerns raised by the Office of Hawaiian Affairs regarding the determination of eligibility of qualified organizations for purposes of the income tax credit.

As affirmed by the record of votes of the members of your Committee on Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2438, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 2438, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary &
Hawaiian Affairs,



DAVID A. TARNAS, Chair



