

Honolulu, Hawaii

FEB 19, 2026

RE: H.B. No. 2575
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. 2575, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Apply the retail or higher general excise tax or use tax rate to purchases or imports of new motor vehicles by rental car companies; and
- (2) Appropriate funds for a tax inspector position in the Department of Taxation.

Your Committee received testimony in support of this measure from the General Contractors Association of Hawaii and Chamber of Progress. Your Committee received testimony in opposition to this measure from the Department of Transportation; Hertz Corporation; Servco; Avis Budget Car Rental, LLC; Pasha Hawaii; and Enterprise Mobility. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the State faces growing fiscal pressures due to projected declines in revenue and significant revenue losses from previously enacted income tax cuts. Your



Committee further finds that improving tax compliance among federally contracted businesses and adjusting the general excise and use tax treatment of rental motor vehicle purchases will help strengthen the State's revenue base without imposing substantial new burdens on residents. This measure supports long-term economic stability by ensuring more consistent tax collection and capturing revenues already owed to the State.

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. 2575, H.D. 1, and recommends that it be referred to your Committee on Finance.

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



GREGGOR ILAGAN, Chair

