

STAND. COM. REP. NO. **2275**

Honolulu, Hawaii

FEB 17 2026

RE: S.B. No. 2784
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committees on Commerce and Consumer Protection and
Hawaiian Affairs, to which was referred S.B. No. 2784 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose and intent 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;
- (2) Appropriate funds to establish a position in the Department of Taxation; and
- (3) Appropriate funds to the Department of Hawaiian Home Lands to address the beneficiary waiting list.

Your Committees received testimony in support of this measure from the Department of Hawaiian Home Lands; Ho'omana Pono, LLC; Hawaiian Council; Chamber of Progress; General Contractors Association of Hawaii, and seventy-one individuals.

Your Committees received testimony in opposition to this measure from the Department of Transportation; Avis Budget Car Rental, LLC; Servco; Enterprise Mobility; Hertz; American Car Rental Association; and two individuals.



Your Committees received comments on this measure from the Department of the Attorney General, Department of Taxation, Hawai'i State Teachers Association, Tax Foundation of Hawaii, DENTONS, and sixty-nine individuals.

Your Committees find that the State is facing severe budget constraints and economic challenges, which disproportionately affect Native Hawaiian communities. This measure, as introduced, would increase general excise tax revenue for purchases on imports of new motor vehicles by rental car companies to minimize the financial impact on State residents, and would appropriate funds to address the Department of Hawaiian Home Lands' beneficiary waiting list.

Your Committees acknowledge the concerns raised in testimony by the Department of the Attorney General that the appropriation to the Department of Hawaiian Home Lands to address the beneficiary waiting list is not related to the measure's title, which is relating to taxation, and may be challenged as a violation of the single subject requirement of article III, section 14, of the Hawaii State Constitution. Therefore, your Committees have amended this measure by:

- (1) Deleting language that would have appropriated funds to the Department of Hawaiian Home Lands;
- (2) Inserting additional legislative findings and amending section 1 to reflect its amended purpose;
- (3) Inserting an effective date of July 1, 2050, to encourage further discussion and delaying implementation of the tax provisions to January 1, 2027; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committees note that there was testimony provided in strong support of this measure to apply additional tax revenues to address the Department of Hawaiian Home Lands beneficiary waiting list and to establish a Teacher Temporary Hazard Pay Special Fund. Your Committees respectfully request that these concerns merit



further consideration as this measure moves through the Legislative process.

As affirmed by the records of votes of the members of your Committees on Commerce and Consumer Protection and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2784, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2784, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Commerce and
Consumer Protection and
Hawaiian Affairs,


HERBERT M. RICHARDS, III, Chair


JARRETT KEOHOKALOLE, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Hawaiian Affairs
HWN

Bill / Resolution No.:* SB 2784	Committee Referral: CPN/HWN, WAM	Date: 02/06/2026		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
RICHARDS, III, Herbert M. "Tim" (C)	✓			
LAMOSAO, Rachele (VC)		✓		
IHARA, Jr., Les	✓			
KEOHOKALOLE, Jarrett	✓			
DECORTE, Samantha	✓			
TOTAL	4	1	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; margin-top: 10px;">  </div>				
Distribution: Original Yellow Pink File with Committee Report Committee Drafting Agency				

*Only one measure per Record of Votes