

STAND. COM. REP. NO. 2534

Honolulu, Hawaii

FEB 20 2026

RE: S.B. No. 3046
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 Labor and Technology, to which was referred S.B. No. 3046 entitled:

"A BILL FOR AN ACT RELATING TO INCOME TAX CREDIT,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) For taxable years beginning January 1, 2027, establish a nonrefundable Workforce Builder Tax Credit for employers who employ qualified interns and apprentices; and
- (2) Require a report to the Legislature.

Your Committee received testimony in support of this measure from the University of Hawai'i System, Chamber of Commerce Hawaii, Hawaii Food Industry Association, Maui Chamber of Commerce, and one individual.

Your Committee received comments on this measure from the Department of the Attorney General, Department of Labor and Industrial Relations, and Tax Foundation of Hawaii.

Your Committee finds that paid internships and registered apprenticeship programs are in relatively short supply. Your Committee further finds that the State's small- and medium-sized businesses could be incentivized to take advantage of a Workforce



Builder Tax Credit to create and expand paid internships and registered apprenticeship programs to help reduce graduate underemployment. Your Committee finds that this measure will complement existing workforce investments and reinforce a shared commitment to expand the supply side of the work-based learning opportunity equation.

Your Committee acknowledges the concerns raised in testimony by the Department of the Attorney General that requiring individuals to be a resident of the State to be a qualified apprentice may subject the bill to challenge under the Privileges and Immunities Clause of the United States Constitution. Therefore, amendments to this measure are needed to address this concern.

Accordingly, your Committee has amended this measure by:

- (1) Changing the definition of "qualified apprentice" and "qualified intern" to delete the requirement that the individual be a resident of the State;
- (2) Inserting a blank appropriation amount;
- (3) Inserting an effective date of January 1, 2077, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes that although this measure, as amended, maintains the \$5,000,000 aggregate cap for the tax credit, should your Committee on Ways and Means choose to deliberate on this measure, your Committee respectfully requests that it consider inserting \$1,000,000 for the aggregate tax credit cap.

As affirmed by the record of votes of the members of your Committee on Labor and Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3046, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3046, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Labor and
Technology,



BRANDON J.C. ELEFANTE, Chair



