

**JOSH GREEN M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

Ka 'Oihana 'Auhau

P.O. BOX 259

HONOLULU, HAWAII 96809

PHONE NO: (808) 587-1540

FAX NO: (808) 587-1560

**GARY S. SUGANUMA**  
DIRECTOR

**KRISTEN M.R. SAKAMOTO**  
DEPUTY DIRECTOR

**TESTIMONY OF  
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

**TESTIMONY ON THE FOLLOWING MEASURE:**

H.B. No. 2028, H.D.1, Relating to Labor Day

**BEFORE THE:**

House Committee on Economic Development & Technology

**DATE:** Friday, February 13, 2026  
**TIME:** 8:30 a.m.  
**LOCATION:** State Capitol, Conference Room 423

Chair Ilagan, Vice-Chair Hussey, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 2028, H.D.1, for your consideration.

H.B. 2028, H.D.1, establishes a nonrefundable tax credit for employers who provide a paid Labor Day holiday to construction workers. The credit amount per construction worker is unspecified but there is an aggregate cap amount of \$2,000,000 per taxable year.

The bill defines "construction worker" as "any individual employed in the construction industry, including but not limited to: (1) Ironworkers; (2) Plumbers; (3) Carpenters; (4) Electricians; (5) Mason; (6) Roofers; (7) Laborers; (8) Operators of construction equipment; (9) Sheet-metal workers; (10) Elevator workers; (11) Heat and frost insulators and related workers; (12) Bricklayers and related workers; (13) Boiler makers; (14) Painters, glaziers, floor layers, and tapers; (15) Water proofers, and related

workers; and (16) Any other worker whose primary duties involve on-site construction, alteration, or repair of buildings, structures, or infrastructure.”

A taxpayer that claims this credit cannot claim a deduction or any other credit for the same qualified costs, and the credit may not be claimed for construction workers employed by the state of Hawai'i or any of its political subdivisions who are already entitled to paid holidays under applicable collective bargaining agreements or civil service rules.

The credit must be claimed against the taxpayer's net income tax liability, on or before the end of the twelfth month following the close of the taxable year. If the tax credit exceeds the taxpayer's income tax liability in a given taxable year, the taxpayer may carry forward any excess credit until it is exhausted.

DOTAX is authorized to prepare necessary forms, require the taxpayer to furnish information to ascertain the validity of a claim for the credit, and to adopt rules necessary for implementation.

The bill has a defective effective date of July 1, 3000, and applies to taxable years beginning after December 31, 2025.

First, DOTAX notes that it is unable to administer aggregate caps. If the aggregate cap is maintained, DOTAX requests that the bill be amended to require a third party to administer the aggregate cap.

Second, DOTAX recommends that the bill be amended to include a five-year time limit to claim any credit carry-forward, as credits claimed further from the year costs are incurred are more difficult to verify.

Third, DOTAX notes that the definition of “construction worker” is not limited to the enumerated list. The phrasing is non-exhaustive, which could allow for ambiguity in its application to other, non-listed types of individuals employed in the construction industry (such as a 1099 worker, off-site workers such as prefabricators (which can include carpenters, painters, laborers), company office workers, etc.).

Finally, DOTAX recommends amending the bill to apply to taxable years beginning after December 31, 2026, to allow sufficient time to prepare forms, make system changes, and inform taxpayers.

Thank you for the opportunity to provide comments on this measure.

February 11, 2026

Chair Greggor Ilagan  
Vice Chair Ikaika Hussey  
Members of the House Committee on  
Economic Development & Technology  
Thirty-Third Legislature, Regular Session of 2026

RE: **STRONG SUPPORT** for HB 2028 – Relating to Labor Day

Hearing Date: February 13, 2026, at 8:30 AM

Aloha Chair Ilagan, Vice Chair Hussey and Members of the Committee,

Mahalo for the opportunity to submit testimony on behalf of the Hawaii Iron Worker's Stabilization Fund in **STRONG SUPPORT** of HB 2028. This measure appropriately recognizes the essential contributions of construction workers by encouraging employers to provide a paid Labor Day holiday through a refundable tax credit. Construction workers play a vital role in building and maintaining Hawai'i's economic future, yet many do not receive paid time off on Labor Day despite the holiday's purpose of honoring working people.

Labor Day was established to recognize the achievements of our nation's workers, particularly those engaged in physically demanding and essential occupations. Construction work is among the most strenuous and impactful labor performed, often requiring long hours, difficult conditions, and work schedules that extend through weekends and holidays. Providing a paid Labor Day holiday recognizes construction workers' contributions and allows them to observe the holiday without suffering a loss of income.

House Bill 2028 strikes an appropriate balance between supporting workers and respecting the operational realities of employers. Rather than imposing a mandate, the bill offers a refundable tax credit that incentivizes employers to provide paid leave voluntarily. This approach promotes fairness and consistency across all types of Hawai'i's construction workers while helping contractors—especially small and medium-sized firms—offset the cost of providing this important benefit.

Paid time off contributes to workforce stability, morale, and retention, all of which are critical issues in Hawai'i's construction industry as the state seeks to address housing shortages,

Members of the House Committee on  
Economic Development & Technology  
February 11, 2026  
Page 2

infrastructure needs, and long-term economic development. Encouraging paid recognition of Labor Day supports not only workers and their families, but also the broader public interest by strengthening the construction workforce and promoting equitable employment practices.

For these reasons, we strongly urge this committee to pass House Bill 2028 in support of Hawai'i's working men and women.

Mahalo,

A handwritten signature in black ink, appearing to read "Michael L. Iosua". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael L. Iosua

# TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Credit for Holiday Pay for Construction Workers

BILL NUMBER: HB 2028 HD1

INTRODUCED BY: LAB

EXECUTIVE SUMMARY: Establishes a nonrefundable tax credit for employers who provide a paid Labor Day holiday to construction workers. Effective 7/1/3000.

SYNOPSIS: Adds a new section to chapter 235, HRS, to establish a paid Labor Day holiday for construction workers tax credit. The amount of the credit is \$\_\_\_\_\_ for each construction worker employed by the taxpayer for which the taxpayer provides a paid day off on Labor Day. There is an aggregate cap of \$2,000,000 per taxable year. The credit is nonrefundable but may be carried forward until exhausted.

Does not apply to construction workers employed by the State or any of its political subdivisions who are already entitled to paid holidays under applicable collective bargaining agreements or civil service rules.

A taxpayer claiming this credit is not allowed to claim a deduction or any other credit for the same qualified costs.

Defines “construction worker” as any individual employed in the construction industry, including but not limited to:

- (1) Ironworkers;
- (2) Plumbers;
- (3) Carpenters;
- (4) Electricians;
- (5) Masons;
- (6) Roofers;
- (7) Laborers;
- (8) Operators of construction equipment;
- (9) Sheet-metal workers;
- (10) Elevator workers;
- (11) Heat and frost insulators and related workers;
- (12) Bricklayers and related workers;

- (13) Boiler makers;
- (14) Painters, glaziers, floor layers, and tapers;
- (15) Waterproofers and related workers; and

(16) Any other worker whose primary duties involve on-site construction, alteration, or repair of buildings, structures, or infrastructure.

EFFECTIVE DATE: July 1, 3000; provided that it shall apply to taxable years beginning after December 31, 2025.

STAFF COMMENTS: We question why the State should be subsidizing a paid holiday for construction workers while leaving workers in other industries alone. Don't other industries contribute significantly to the State's growth? Isn't it fitting for other workers to be afforded a paid day of rest and recognition on Labor Day? Aren't other industries struggling with the financial burden of paying *any* pay – let alone holiday pay – in these harsh economic times?

The non-duplication provision in this proposed new section, subsection (f), needs technical corrections. The subsection speaks of “qualified costs,” but this term is not defined. Is the intent to disallow deductibility of the wage expense, related payroll tax, TDI costs, health care costs, and all other costs incident to having someone on payroll?

This draft includes unspecified credit amounts and otherwise contains blanks for important information. The bill cannot be scored for revenue gain/loss in its current form, and cannot be vetted properly unless numbers are inserted.

We note that the Rules of the House and of the Senate specify that proceedings are to follow Mason's Manual of Legislative Procedure published by the National Conference of State Legislatures. Mason's Manual specifies, in section 416-8 of its 2020 edition, that “When proposals containing blanks are introduced, these must be filled before other motions to amend are entertained.”

Digested: 2/12/2026

## ***OCG LLC***

***Onipa'a Consulting Group*** 3535 Maluhia Street \* Honolulu, Hawaii 96816 \* Phone (808) 808\*381\*9529

---

February 12, 2026

Chair Greggor Ilagan  
Vice Chair Ikaika Hussey  
Members of the House Committee on Economic Development & Technology

RE: HB 2028 HD1 Relating to Labor Day

Aloha Chair, Vice Chair and Members of the House Committee on Economic Development & Technology,

Mahalo for the opportunity to submit testimony on behalf of the Hawaii Iron Worker's Stabilization Fund in Support of HB 2028 HD1. In summary, the bill encourages employers to provide a paid Labor Day holiday that is offset via a refundable tax credit.

Ironically, Labor Day was established to recognize and reward workers who work under the most demanding conditions with a paid holiday however, many workers in the construction industry do not and cannot participate in the holiday honoring labor.

In a small way the bill will provide some parity with other workers benefiting from a paid holiday and will help working people to remain in Hawaii. The recognition of Labor Day as a paid holiday for the construction industry will strengthen the labor workforce that is so essential to Hawaii's economic future.

For these reasons, we strongly support Bill 2028 HD1.

Mahalo,



Gary T. Kurokawa



# Iron Workers Stabilization Fund

---

T. George Paris  
Managing Director

February 11, 2025

Chair Greggor Ilagan  
Vice Chair Ikaika Hussey  
Members of the House Committee on  
Economic Development & Technology  
Thirty-Third Legislature, Regular Session of 2026

RE: **STRONG SUPPORT** for HB 2028 – Relating to Labor Day

Hearing Date: February 13, 2026 at 8:30 AM

Aloha Chair Ilagan, Vice Chair Hussey and Members of the Committee,

Mahalo for the opportunity to submit testimony on behalf of the Hawaii Iron Workers Stabilization Fund in **STRONG SUPPORT** of HB 2028 – RELATING TO LABOR DAY. This bill would create a refundable tax credit for employers who provide a paid Labor Day holiday to construction workers which would help recognize the holiday's purpose of honoring workers' contributions to Hawaii's economy and communities.

Construction is a cornerstone of Hawaii's economy, employing tens of thousands of residents. It is also physically demanding work. Labor Day is a federally recognized holiday dedicated to honoring the social and economic achievements of our nation's workers, and also providing time off from physical demands of labor. Despite the noble purpose, most workers in construction and other trades do not receive paid time off for this holiday. Construction workers regularly work long hours and often through holidays to meet project deadlines that support our state's infrastructure, housing, and economic growth. A paid day off helps to ensure workers are not economically penalized for observing a holiday that honors their labor — particularly for hourly workers who may see a meaningful pay difference from unpaid leave. Thus HB 2028 aligns Hawaii law with the spirit of Labor Day by encouraging paid recognition of this important day for workers and families.



# Iron Workers Stabilization Fund

---

HB 2028 also provides the incentives to support workers without burdening employers. Rather than mandating paid leave outright — which could impose financial strain, especially on smaller contractors — the refundable tax credit encourages employers to voluntarily provide paid holidays. This incentive can help cover associated labor costs while promoting equitable treatment of workers. By establishing a consistent tax incentive for paid Labor Day observance, the State helps level the playing field across firms — ensuring that companies that invest in their workforce are supported and that workers receive the benefits they deserve.

This bill reflects a broader, pro-worker tax policy approach that acknowledges the value of living wages, paid time off, and benefits that strengthen workforce stability and morale. Similar legislative efforts that tie economic incentives to worker-friendly practices have proven effective in supporting families and businesses alike.

I strongly urge this committee to pass HB 2028. This bill appropriately honors the purpose of Labor Day, supports construction workers' economic well-being, and provides meaningful incentives to employers without imposing undue burden. It reflects a common-sense, pro-workforce policy that aligns with core union values of fairness, dignity, and economic justice for working people across Hawaii.

Sincerely,

T. George Paris  
Managing Director

**HB-2028-HD-1**

Submitted on: 2/12/2026 12:20:43 PM

Testimony for ECD on 2/13/2026 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Karen Loomis	Individual	Oppose	Written Testimony Only

Comments:

I oppose this measure primarily because it is inconsistent with collective bargaining principles. Construction workers are covered by their respective unions and contracts. A paid holiday should be negotiated. Employers should not receive an incentive to give the employees a paid holiday. Also this measure singles out one industry over others.