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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Commerce and Consumer Protection
Wednesday, February 18, 2026
9:30 a.m.
Conference Room 229 & Via Videoconference**

**On the following measure:
S.B. 2884, RELATING TO TAXATION**

Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee:

My name is Scott K. Saiki, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department offers comments on this bill.

The purpose of this bill is to establish a nonrefundable individual income tax credit for a certain percentage of expenses paid to retrofit a residence with wind resistive devices or to purchase, install, or construct, a hurricane shelter on the taxpayer's property and to reduce the general excise tax rate on the gross proceeds or income from the sale of a concrete certified hurricane-resistant residential project or certain hurricane-resistant components of a high-rise condominium. It applies to taxable years beginning after December 31, 2026 and sunsets December 31, 2030.

To identify the implications and benefits of improving a dwelling's resiliency to hurricanes and wildfires, the Insurance Division is working with the National Association of Insurance Commissioners (NAIC) and the Center for Insurance Policy and Research

(CIPR) to complete a feasibility study to assess residential catastrophe preparedness strategies. Other states have considered initiatives focused on fortification standards, contractor training and certification, means-tested grants or loans, and inspection requirements. Due to the nature of home construction in Hawaii (i.e., single wall, wood frames), a feasibility study may assist policymakers in adopting comprehensive approaches to ensuring that Hawaii homes are strengthened to reduce damage and costs. The feasibility study should be completed in fall 2026.

Thank you for the opportunity to testify.

JOSH GREEN M.D.
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STATE OF HAWAII
DEPARTMENT OF TAXATION

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GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

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

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 2884, Relating to Taxation

BEFORE THE:

Senate Committee on Commerce and Consumer Protection

DATE: Wednesday, February 18, 2026

TIME: 9:30 a.m.

LOCATION: State Capitol, Room 229

Chair Keohokalole, Vice-Chair Fukunaga, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding S.B. 2884 for your consideration.

Section 2 of S.B. 2884 amends Chapter 235, Hawaii Revised Statutes (HRS) by adding a new section establishing a nonrefundable Hurricane Resistance Retrofit tax credit. Taxpayers not eligible to be claimed as a dependent for federal or state income taxes and who file an individual return may claim a one-time tax credit that is deductible from net income tax liability. The credit is 50 per cent of actual costs incurred for the following:

- Retrofitting an existing residential structure to increase wind resistance, including windows, doors, roofing systems, and related structural components certified to withstand sustained wind speeds of at least two hundred miles per hour (mph);
- The purchase of design and materials, and the installation, or construction of a certified hurricane shelter on the taxpayer's property; and
- The fortification of high-rise apartment and condominium units or buildings to excess of applicable building code standards, including windows, doors, roofing systems, and related structural components certified to withstand sustained wind speeds of at least two hundred mph.

A definition is provided for “hurricane shelter.”

The following provisions apply to the credit:

- A licensed building inspector or design professional is required to provide written certification to DOTAX confirming the minimum two-hundred mph wind resistance threshold of installed or replaced components;
- All new and amended claims must be made on or before the twelfth month following the close of the taxable year or the right to make the claim is waived;
- Excess credit may be carried forward and used in subsequent years subject to an unspecified time limit;
- The same expenses or costs used to claim this new credit may not be used toward any other tax credit; and
- DOTAX will prepare forms, may require proof in support of a claim for the credit, and may adopt rules pursuant to chapter 91 if necessary.

Section 3 of S.B. 2884 amends Chapter 237, HRS (general excise tax), by adding a new section imposing a tax rate of one-half what otherwise would apply pursuant to section 237-13, HRS, on the gross proceeds or income from the sale of a certified hurricane-resistant residential project. The new rate will apply beginning January 1, 2027. For a high-rise certified hurricane-resistant residential project, this reduced tax rate will only apply to the portion of the gross proceeds or income that can be attributed to the incremental cost of windows, doors, roofing systems, and related structural components certified to withstand specified sustained wind speeds. Certification by a licensed building inspector or design professional is required. Definitions of a “certified hurricane-resistant residential project,” and “high-rise” are provided.

The measure is effective for taxable years beginning after December 31, 2026, and the act will be repealed on December 31, 2030.

First, DOTAX recommends that the term “related structural components” be defined in sections 2 and 3 of the bill to avoid ambiguity and provide clarity for taxpayers and the department regarding what components will qualify.

Second, DOTAX recommends that for purposes of the income tax credit in section 2 of the bill, the licensed building inspector or design professional also be required to certify that (1) fortification of high-rise apartment and condominium buildings or units are in excess of applicable building code standards and (2) a “hurricane shelter” meets all of the requirements in subsection (h), as DOTAX does not have the subject-matter expertise to make these determinations.

Third, DOTAX requests that a definition for “incremental cost” be added to section 3 of the bill, as it is unclear what standards should be used to determine whether a business has incurred an incremental cost. It is also unclear what portion of gross proceeds will be attributable to incremental costs and how the difference should be calculated.

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

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



STEPHEN F. LOGAN
MAJOR GENERAL
ADJUTANT GENERAL
KA 'AKUKANA KENELALA

JAMES DS. BARROS
ADMINISTRATOR OF
EMERGENCY MANAGEMENT
KAHU HO'OMALU PŌULIA

STATE OF HAWAII
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STATE OF HAWAI'I
DEPARTMENT OF DEFENSE
HAWAI'I EMERGENCY MANAGEMENT AGENCY

TESTIMONY ON SENATE BILL 2884,
RELATING TO TAXATION

BEFORE THE SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION

BY

JAMES DS. BARROS
ADMINISTRATOR
HAWAI'I EMERGENCY MANAGEMENT AGENCY

February 18, 2026

Aloha Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee:

Thank you for the opportunity to submit a testimony in strong **SUPPORT** of Senate Bill 2884, which provides essential tax incentives to encourage the construction and retrofit of hurricane-resistant homes in Hawai'i.

As the bill clearly outlines, climate change is increasing both the frequency and intensity of hurricanes threatening our islands. With most of Hawai'i's homes built from wood and vulnerable to extreme winds, this legislation offers a practical and cost-effective solution to protect our communities.

By promoting concrete construction and certified wind-resistant upgrades through targeted tax credits, SB2884 will reduce long-term disaster recovery costs, increase housing resilience, and safeguard families from devastating losses.

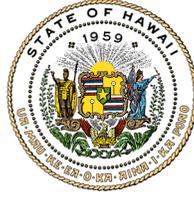
HIEMA supports any effort to build resilience in Hawai'i, provided it does not conflict with the Governor's executive budget priorities.

Mahalo for your consideration and commitment to building a safer Hawai'i. I respectfully urge you to pass Senate Bill 2884.

James Barros: james.barros@hawaii.gov; 808-733-4300

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KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

**Testimony of
LEAH LARAMEE
Climate Change Coordinator on behalf of
Climate Change Mitigation and Adaptation Commission
Co-Chair Ryan K. P. Kanaka'ole**

**Before the Senate Committee on
COMMERCE AND CONSUMER PROTECTION**

**Wednesday, February 18, 2026
9:30 AM
State Capitol, Conference Room 229**

**In consideration of
SENATE BILL 2884
RELATING TO TAXATION**

Senate Bill 2884 proposes to establish a nonrefundable individual income tax credit for a certain percentage of expenses paid to retrofit a residence with wind resistive devices or to purchase, install, or construct, a hurricane shelter on the taxpayer's property and reduce the general excise tax rate on the gross proceeds or income from the sale of a concrete certified hurricane-resistant residential project or certain hurricane-resistant components of a high-rise condominium. **The Hawai'i Climate Change Mitigation and Adaptation Commission (Commission) supports this measure.**

The Commission consists of a multi-jurisdictional effort between 20 departments, committees, and counties with the purpose of promoting ambitious, climate-neutral, culturally responsive strategies for climate change adaptation and mitigation.

The State's *Climate Action Pathways* recommended providing funding, technical assistance, and outreach for upgrading older homes to modern wind standards as a key resilience measure. Installation of hurricane clips and straps, continuous load paths, roof-deck nailing, gable bracing, and impact-rated shutters can help to protect older homes from the increasing occurrence of high winds due to climate change. More intense storms, stronger winds, heavier downpours, and inland-coastal flooding are placing older homes, drainage systems, and lifeline infrastructure under increasing strain.

The Commission respectfully suggests that the bill prioritize low- and moderate-income households and neighborhoods with high wind, wildfire, and flood risk. As many low-income families may not have the tax liability to benefit from tax credits, a direct rebate may expand the benefits of the program to those that need it most. The National Institute of Building Sciences reported in 2019 that building, infrastructure, transportation and utility adaptations that address flooding, hurricanes, earthquakes, and fires can save anywhere from \$4 to \$11 per \$1 invested,¹ whereas FEMA estimates that every \$1 spent on disaster resilience efforts saves \$6 in long term costs.² The return on investment for protecting homes is well worth the outlying costs.

Mahalo for the opportunity to comment on this measure.

¹ Multi-Hazard Mitigation Council (2019.). Natural Hazard Mitigation Saves: 2019 Report. Principal Investigator Porter, K.; Co-Principal Investigators Dash, N., Huyck, C., Santos, J., Scawthorn, C.; Investigators: Eguchi, M., Eguchi, R., Ghosh., S., Isteita, M., Mickey, K., Rashed, T., Reeder, A.; Schneider, P.; and Yuan, J., Directors, MMC. Investigator Intern: Cohen-Porter, A. National Institute of Building Sciences. Washington, DC. www.nibs.org

² Hawai'i Climate Advisory Team (2025, January). Climate Disaster Resilience, Recovery, and Funding. https://static1.squarespace.com/static/66b44b3a2e30510c5c62fe1f/t/67da2dfab6b12c479c6b90a2/1742351889292/Clim+Advisory+Team+Policy+Recommendations+on+Climate+Disaster+Resilience%2C+Recovery%2C+and+Funding+-+DIGITAL+-+Feb+2025_compressed.pdf

SB-2884

Submitted on: 2/15/2026 11:13:32 PM

Testimony for CPN on 2/18/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Sherry Pollack	Individual	Support	Written Testimony Only

Comments:

I strongly support SB2884 that establishes a nonrefundable individual income tax credit to retrofit a residence with wind resistive devices or to purchase, install, or construct, a hurricane shelter on the taxpayer's property. **This measure will help save lives.** Please PASS SB2884.

SB-2884

Submitted on: 2/16/2026 1:12:15 PM

Testimony for CPN on 2/18/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Michael Plowman	Individual	Support	Written Testimony Only

Comments:

I strongly support SB2884 and ask you to vote to pass it. SB2884 contains a number of fantastic things. It plans for Category 5 hurricanes by giving owners of existing residential structures (both houses and high-rise apartment and condominium buildings) a tax break equal to 50% of their expenses to fortify their homes and condos to withstand 200 mph winds.

It also gives builders of new condominium buildings a tax reduction equal to 50% of the additional costs of windows etc. that can withstand 200 mph+ winds. But, most exciting, as an incentive to move from wooden homes to concrete homes, it gives builders of *new concrete homes* a reduction of half of the tax they pay on the gross sales price.

Knowing that we now must be prepared for Cat 5 hurricanes, and knowing of Hurricane Melissa's unbelievable destruction of wooden homes in Jamaica, we've **got** to move from wooden houses to concrete.

Though building with concrete is 3% -12% more expensive than wood, within a few years the far, far cheaper electrical costs, house insurance, hurricane insurance, and other savings make the concrete home far and away the best choice.

Mahalo,
Michael Plowman

LATE

SB-2884

Submitted on: 2/17/2026 11:57:46 PM

Testimony for CPN on 2/18/2026 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Kapua Keliikoa-Kamai	Individual	Support	Remotely Via Zoom

Comments:

Aloha kakou,

I strongly support SB2884 - RELATING TO TAXATION. Department of Taxation; Income Tax Credit; Hurricane Resistance Retrofit; General Excise Tax; Rate Reduction - Establishes a nonrefundable individual income tax credit for a certain percentage of expenses paid to retrofit a residence with wind resistive devices or to purchase, install, or construct, a hurricane shelter on the taxpayer's property. Reduces the general excise tax rate on the gross proceeds or income from the sale of a concrete certified hurricane-resistant residential project or certain hurricane-resistant components of a high-rise condominium. Applies to taxable years beginning after 12/31/2026. Sunsets 12/31/2030.

The purpose of this Act is to incentivize the construction of new residential buildings and the retrofit of existing residential structures that are capable of withstanding extreme hurricane conditions, through targeted state tax incentives tied to certified performance standards.

Let's not wait for another Hurricane Iniki (Cat 4) or Hurricane Lane (Cat 5) to hit Hawai'i unprepared. And, let's realize maximum resilience by giving homeowners and builders more time by removing the repeal date, or at least extending it to 12/31/2036. Please PASS SB2884!

Mahalo,

Kapua Keliikoa-Kamai

A concerned Waianae concrete homeowner

P.S. I intend to testify but have multiple activities at the same time, my apologies if I miss this.