

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

House Committee on Finance

Tuesday, April 07, 2026

2:00 p.m.

State Capitol, Conference Room 308 and Videoconference

Senate Bill No. 3125, SD1, Relating to Income Tax

Chair Todd Vice Chair Takenouchi, and Members of the House Committee on Finance:

The Office of the Governor supports the intent of S.B. No. 3125, SD1, Relating to Income Tax, and provides **comments**. This bill repeals certain future changes to the standard deduction and income tax brackets under Act 46, SLH 2024; changes the child and dependent care tax credit applicable percentage; extends the sunset of Act 163 amendments to the earned income tax credit and food/excise tax credit to an unspecified date; and repeals the following tax credits: Renewable Energy Technologies Tax Credit, Capital Goods Excise Tax Credit, High Technology Business Investment Tax Credit, Renewable Fuels Production Tax Credit, Technology Infrastructure Renovation Tax Credit, Ship Repair Industry Tax Credit, and Tax Credit for Research Activities.

The Office of the Governor has concerns that the SD1 of this bill does not provide sufficient revenue to offset recent federal government actions that have reduced the State's revenue outlook by nearly **\$3 billion**. The original bill proposed by the administration would preserve approximately **\$1.8 billion** in general fund revenues by the end of fiscal year 2031, an amount needed to balance the State's six-year financial plan. The SD1 does not achieve this level of revenue preservation.

Importantly, the administration's original proposal maintains a historic level of tax relief already in effect for all residents. Current tax relief provided under Act 46 would continue across all income levels, returning **\$1.5 billion** to Hawai'i families this year and **\$5.4 billion** over the next five years.

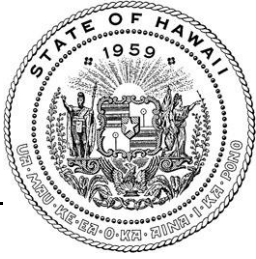
Additionally, the original proposal directs approximately **\$600 million** to extend and strengthen targeted tax credits for those who need them most. Specifically, it extends through 2032 the Act 163 amendments that doubled the earned income tax credit and the food/excise tax credit, which are otherwise set to expire in 2027. The bill also triples the child and dependent care tax credit, allowing families to claim up to 50 percent of eligible child care

Testimony of the Office of the Governor
S.B. No. 3125, SD1
April 07, 2026
Page 2

expenses, compared to the current 15 percent. For many families, this level of support can be the deciding factor between staying home and being able to return to work.

The Office of the Governor believes the revenue recapture of the original bill proposed is necessary to preserve public resources needed to support essential services such as SNAP and health care. Taking a measured approach will help protect the State's long-term fiscal sustainability while continuing to support Hawai'i's families during a period of economic uncertainty.

Mahalo for the opportunity to provide testimony on this measure.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKĀ'I

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Statement of
GEORJA SKINNER
Administrator, Creative Industries Division
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

Tuesday, April 7, 2026
2:00 PM
State Capitol, Conference Room 211

In consideration of
SB3125 SD1
RELATING TO INCOME TAX.

Chair Todd, Vice Chair Takenouchi, and members of the Committee. The Creative Industries Division (CID) of the Department of Business, Economic Development and Tourism (DBEDT) offers comments on SB3125 SD1. While the measure proposes several tax policy changes, DBEDT is particularly concerned with Part II, which proposes to repeal several tax credits beginning January 1, 2029, including the Tax Credit for Research Activities (R&D Tax Credit).

The R&D Tax Credit is an important tool that encourages private-sector investment in innovation and technology development in Hawaii. By supporting research and development activities, the credit helps diversify the state's economy, strengthen the innovation sector, and create high-skilled, high-wage jobs.

From 2022 through 2024, companies claiming the credit reported significant research investment in Hawaii. In 2022, 27 filers reported \$53.6 million in qualified R&D expenditures. In 2023, 32 filers reported \$63.5 million in spending. In 2024, 23 filers reported \$43.3 million in R&D investment. The program also operates under a \$5 million

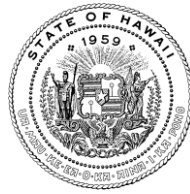
annual cap, and in 2024 approximately \$2.4 million of that cap remained unclaimed, demonstrating that the credit remains fiscally controlled.

The credit also supports employment in the state's innovation economy. Participating firms reported 1,008 total jobs in 2022, increasing to 1,104 in 2023, and 879 in 2024. Within research and development occupations specifically, employment totaled 628 positions in 2022 and 397 positions in 2024.

Repealing the R&D Tax Credit would weaken Hawaii's ability to compete with other states that actively offer incentives to support research, innovation, and technology-based industries. Without this incentive, companies may reduce or relocate research investments, resulting in fewer high-skilled jobs and slowing the state's progress toward economic diversification.

For these reasons, DBEDT believes the repeal of the Research Activities Tax Credit could have negative impacts on Hawaii's innovation ecosystem and long-term economic growth.

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



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

SETH S. COLBY, Ph.D.
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kāla
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

TESTIMONY BY SETH S. COLBY, Ph.D.
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 3125, S.D. 1

April 7, 2026
2:00 p.m.
Room 308 and Videoconference

RELATING TO INCOME TAX

The Department of Budget and Finance (B&F) offers the following comments on Senate Bill (S.B.) No. 3125, S.D. 1, which makes further adjustments to the income tax brackets for higher income households and individuals, and proposes the repeal of several income tax credits.

B&F's primary focus is to ensure that the State has a balanced six-year financial plan. S.B. No. 3125 as introduced achieves that goal. B&F is open to alternative pathways like the S.D. 1. Any alternative the Committee chooses to adopt should undergo a considered fiscal impact review to ensure that the end result is a balanced financial plan.

Pausing future changes to the standard deduction and income tax brackets beyond January 1, 2027, as proposed in S.B. No. 3125 as introduced, will safeguard the State's fiscal health and ensure that the State can continue to fund essential services and meet long-term obligations, while delivering targeted tax relief. This balanced approach allows Hawai'i to honor its commitment to support the residents who are most affected by rising costs in a fiscally responsible manner.

For these reasons, B&F respectfully urges the Legislature to pass a version of this bill that results in adequate revenue to balance the financial plan over the six-year budgetary window, strengthens the State's financial position, and ensures that Hawai'i's tax system remains equitable, sustainable, and responsive to the needs of working families.

Thank you for your consideration of our comments.

**Testimony to the House Committee on Finance
Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair**

**Tuesday, April 7, 2026, at 2:00PM
Conference Room 308 & Videoconference**

RE: SB3125 SD1 Relating to Income Tax

Aloha e Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber opposes Senate Bill 3125 Senate Draft 1 (SB3125 SD1), which repeals certain future adjustments to income tax brackets and changes income tax rates.

While the State's fiscal position warrants careful review of tax expenditures, this measure takes a sweeping approach that removes multiple policies designed to support capital investment and economic diversification without clear replacement mechanisms.

The repeal of the Capital Goods Excise Tax Credit, in particular, would increase the effective cost of business investment in Hawaii by removing a key offset to the General Excise Tax on capital inputs. Because Hawaii taxes business-to-business transactions, this credit helps to mitigate tax pyramiding and limits cost escalation within supply chains. Eliminating this tax credit will raise costs for equipment and infrastructure across sectors, with those increases likely passed through to consumers. In an already high-cost environment, this creates additional upward pressure on prices and cost of living.

This legislation is particularly harmful to small businesses looking to scale. Well-capitalized businesses may be able to bear this cost before passing onto the consumers. Though many small, local businesses are not. Repealing this tax credit puts capital goods investment further out of reach for small businesses in a time where they experience significant difficulty accessing capital. With these potential impacts in mind, the Legislature could evaluate individual credits for performance, adjust eligibility criteria, or implement caps rather than pursue full repeal. This would preserve tools that address structural issues in Hawaii's tax system while still allowing for budgetary discipline.

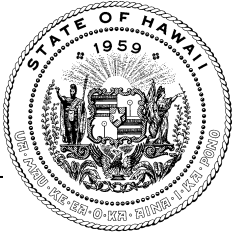
The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.



Chamber *of* Commerce HAWAII



We respectfully ask to defer Senate Bill 3125 Senate Draft 1. Mahalo for the opportunity to testify.



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MARK B. GLICK
CHIEF ENERGY OFFICER

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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
HOUSE COMMITTEE ON FINANCE

Tuesday, April 7, 2026
2:00 PM
State Capitol, Conference Room 308, and Videoconference

Providing Comments on
SB 3125, SD1

RELATING TO INCOME TAX.

Chair Todd, Vice Chair Takenouchi, and Members of the Committee, the Hawai'i State Energy Office (HSEO) is providing comments on SB 3125, SD1, Part II, which beginning January 1, 2029, repeals the following tax credits: Renewable Energy Technologies Tax Credit, Capital Goods Excise Tax Credit, High Technology Business Investment Tax Credit, Renewable Fuels Production Tax Credit, Technology Infrastructure Renovation Tax Credit, Ship Repair Industry Tax Credit, and Tax Credit for Research Activities.

HSEO takes no position on Part I of the bill, which reflects the original language of SB 3125. However, HSEO has concerns with Part II's broad, blanket repeal of several tax credits, including incentives that support renewable energy deployment, clean fuel production, and innovation. These incentives have played an important role in supporting investment in renewable energy systems, advancing local energy industries, reducing energy costs, and helping the State progress toward its statutory clean energy goals.

The blanket repeal risks creating uncertainty for long-term investments that are essential to achieving the State's clean energy and climate goals. Programs such as the Renewable Energy Income Tax Credit (REITC) as established under Hawai'i Revised

Statutes (HRS) §235-12.5 and the Renewable Fuels Production Tax Credit (RFPTC) as established under HRS §235-110.32 are important finance mechanisms critical to achieve Hawai'i's clean energy goals and are specifically designed to support capital-intensive projects with long development timelines, extended permitting processes, and multi-year financing horizons. Blanket repeal can undermine project finance, increase investment risk, and deter private capital, even where the underlying policy objectives remain valid.

The REITC plays a critical role in accelerating the deployment of renewable energy technologies across the residential, commercial, and utility-scale sectors. Abrupt repeal of this incentive could create boom-and-bust cycles, disrupt local installation and construction workforces, and complicate coordination with federal incentives and utility planning processes. Furthermore, with the rollback or repeal of certain federal incentives, now is not the time to eliminate complementary state policies that help maintain investment certainty and project viability. The continued development of renewable energy technologies remains one of the most effective mechanisms available to reduce Hawai'i's reliance on imported, highly volatile liquid fossil fuels. Expanding renewable energy deployment helps stabilize electricity costs over time, insulate consumers from global fuel price volatility, and ultimately lower energy costs for households and businesses across the State.

In the case of the RFPTC, investors and producers rely on predictable policy signals to justify investments in local renewable fuel production, which supports energy security, emissions reductions, and waste diversion. A mandatory sunset that is disconnected from market readiness, feedstock availability, or infrastructure development could prematurely constrain a nascent industry before it reaches commercial viability.

HSEO believes a more methodical approach is necessary—one that evaluates tax credits based on performance, cost-effectiveness, administrative burden, and alignment with statutory energy and climate targets. Rather than imposing a blanket repeal, the Legislature could consider credit-specific reviews, data-driven evaluation metrics, and tailored modifications that reflect market conditions, cost constraints, and policy outcomes.

Such an approach would preserve legislative oversight and fiscal discipline while avoiding unintended consequences that could slow progress toward Hawai'i's clean energy transition. For these reasons, HSEO respectfully urges reconsideration of the Part II's blanket repeal in favor of a more targeted and strategic review process.

Thank you for the opportunity to testify.

Hawai'i Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to advocating for children and their families. Our core issues are safety, health, and education.

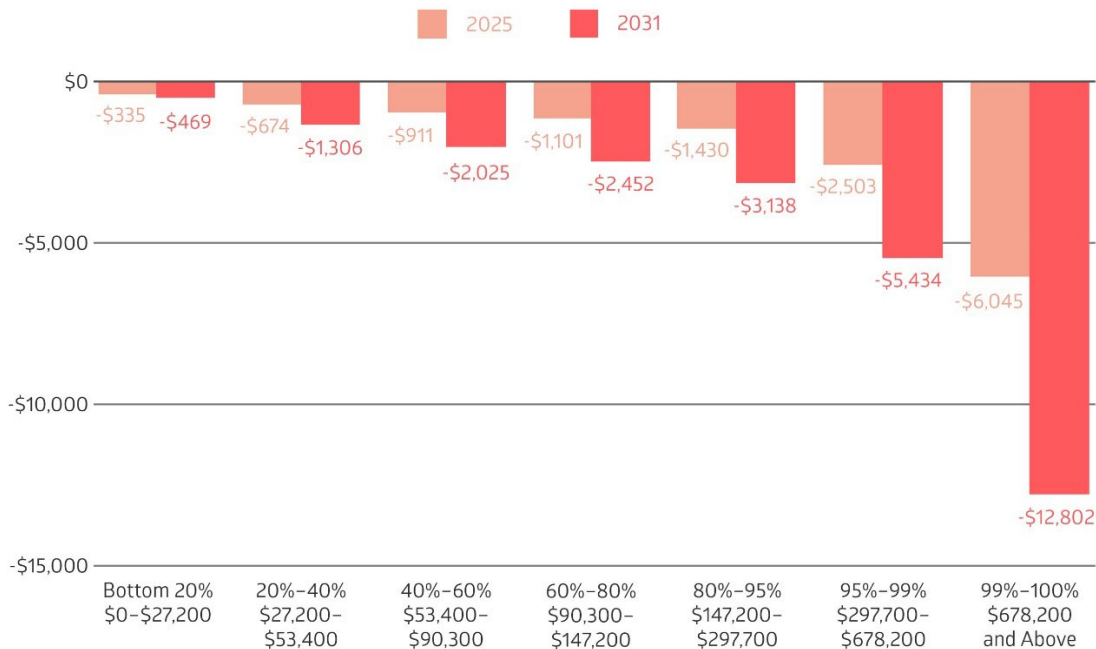
To: House Committee on Finance
 Re: **SB3125 SD1 – Relating to Income Tax**
 Hawai'i State Capitol & Via Videoconference
 April 7, 2026, 2:00 PM

Dear Chair Todd, Vice Chair Takenouchi, and Committee Members,

On behalf of Hawai'i Children's Action Network Speaks!, I am writing in **SUPPORT of SB3125 SD1**. This bill makes several adjustments to our state income tax code, including:

- Repeals future adjustments to income tax brackets for the highest-income earners,
- Increases the applicable percentage of the employment-related expenses for which the child and dependent care tax credit may be claimed, and
- Extends the sunset for amendments made to the child and dependent care tax credit, earned income tax credit, and food/excise tax credit.

The major income tax cuts enacted in **Act 46 (2024)** will reduce state revenues by over **\$1.4 billion annually by 2031**, with those in the **top 1% receiving over \$12,000 per year**, every year, when it is fully implemented:¹



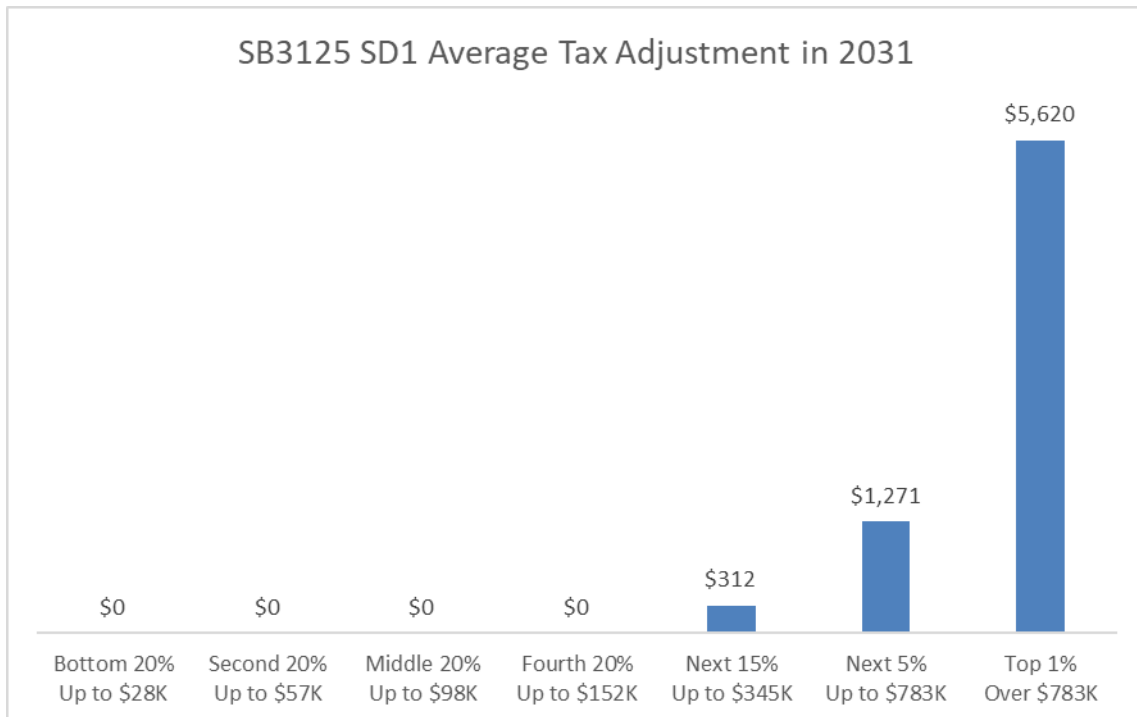
Combined with new large federal cuts to funding of essential programs, we are concerned that our state might not be able to maintain the services that help Hawai'i families afford to live here. This bill

¹ <https://hiappleseed.org/blog/hawaii-costly-tax-shift-billion-dollar-cut-threatens-public-services>

addresses future drops in revenue by **pausing future tax cuts, while preserving those that have already taken effect.**

In 2027 alone, this bill would pause future tax cuts worth \$27 million. By **2031**, this bill would pause future tax breaks worth **\$51 million**. This would affect only those in the higher income tax brackets: married couples with over \$350,000 in annual income, heads of households with over \$262,500 and single filers with over \$175,000.²

To be clear, families under those income levels, or the **bottom 80%**, would keep all of their current and future tax cuts. The top 20% will keep all their current tax cuts, but will not get future tax cuts of an average of \$1,288 in 2027 and \$2,500 in 2031. Those in the **top 1%**, with an average income of \$1.9 million, would not receive an average additional tax break of **\$5,620 in 2031**:



In addition, by increasing percentage of care expenses that families may claim with the child and dependent care tax credit (CDCTC), this bill also would help those with significant caregiving expenses be able to keep more of their hard-earned money. With the median cost of preschool exceeding \$13,000 per year,³ our working families need this additional support.

Our state already provides child care subsidies for the lowest-income families, resulting in relatively low child care co-payments for those parents.⁴ However, middle-income families, as well as those who are at

² Unpublished analysis of HB2306 HD1 and SB3125 SD1 by the [Institute on Taxation and Economic Policy](#), April 2026. Learn about ITEP's [tax microsimulation model here](#).

³ <https://www.dol.gov/agencies/wb/topics/childcare/price-by-age-care-setting>

⁴ <https://humanservices.hawaii.gov/bessd/files/2021/09/Child-Care-Gross-Income-Eligibility-Limits-and-Sliding-Fee-Scale.pdf>

the ALICE survival budget level, do not qualify for those subsidies, so the CDCTC improvement proposed by the original version of this bill would especially help them:

HOW IMPROVING THE CDCTC WOULD HELP HAWAI'I FAMILIES				
Type of family	Single parent with 1 child	Single parent with 2 children	Married couple with 1 child	Married couple with 2 children
Income level	Minimum wage	Median household income	2 minimum wage workers	ALICE survival budget
Annual Income	\$33,280	\$100,389	\$66,560	\$110,112
Preschool tuition	\$13,842	\$27,684	\$13,842	\$27,684
Parents' co-pay	\$1,664	\$27,684	\$5,990	\$27,684
Current tax credit amount	\$383	\$3,000	\$899	\$3,000
New tax credit amount	\$832	\$10,000	\$2,995	\$10,000
Difference	\$449	\$7,000	\$2,097	\$7,000

Finally, this bill extends the sunset date of important improvements to other tax credits for working families: the earned income tax credit and the food/excise tax credit. These credits also help low-income and working class local families afford to stay here, and extending the improvements to them ensures continued support for those families who need it most.⁵

In the context of potentially massive future federal funding cuts, this bill smartly pauses large tax cuts for those who can afford to go without them while also targeting relief to families balancing work and caregiving and striving to make ends meet our expensive state.

Mahalo for the opportunity to provide this testimony. Please pass this bill.

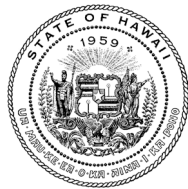
Sincerely,

Nicole Woo
Director of Research and Economic Policy

⁵ <https://files.hawaii.gov/tax/stats/stats/credits/2023credit.pdf>

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



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. 3125, S.D.1, Relating to Income Tax

BEFORE THE:

House Committee on Finance

DATE: Tuesday, April 7, 2026

TIME: 2:00 p.m.

LOCATION: State Capitol, Room 308

Chair Todd, Vice-Chair Takenouchi, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments on S.B. 3125, S.D.1, for your consideration.

S.B. 3125, S.D.1, makes amendments to the income tax brackets and various tax credit provisions in chapter 235, Hawaii Revised Statutes (HRS).

Section 1 of the bill amends the top income tax brackets for taxable years beginning after December 31, 2026, and December 31, 2028. Specifically, beginning in tax year 2027, the top five income tax brackets (7.9 percent, 8.25 percent, 9 percent, 10 percent, and 11 percent) are repealed and replaced with four income tax brackets (8.25 percent, 9 percent, 10 percent, and 11 percent). Additionally, beginning in tax year 2029, the top six income tax brackets (7.6 percent, 7.9 percent, 8.25 percent, 9 percent, 10 percent, and 11 percent) are repealed and replaced with four income tax brackets (8.25 percent, 9 percent, 10 percent, and 11 percent).

Section 2 of the bill amends the child and dependent care credit in section 235-

55.6, HRS, by replacing the applicable percentage of employment-related expenses that may be claimed with unspecified amounts. Section 235-55.6, HRS, is also amended by disallowing the credit in future years if there is an administrative or judicial decision that the taxpayer's claim for the credit was fraudulent or disallowed and by defining "adjusted gross income" to mean federal adjusted gross income.

Section 3 of the bill extends the sunset date for Act 163, Session Laws of Hawaii (SLH) 2023, from December 31, 2027, to an unspecified date. Act 163, SLH 2023 amended the child and dependent care credit, the earned income tax credit, and the food/excise tax credit as follows: (1) increased the maximum employment-related expenses that may be used to claim the child and dependent care credit from \$2,400 to \$10,000 for one qualifying individual and from \$4,800 to \$20,000 for two or more qualifying individuals; (2) increased the earned income tax credit from 20 percent to 40 percent of the federal earned income tax credit; and (3) doubled the amount of the food/excise tax credit and increased the AGI limits by \$10,000 in all income brackets.

Part II, sections 4 through 10, of the bill repeals the following tax credits:

1. Renewable energy technologies income tax credit (HRS § 235-12.5);
2. Capital goods excise tax credit (HRS § 235-110.7);
3. High technology business investment tax credit (HRS § 235-110.9);
4. Renewable fuels production tax credit (HRS § 235-110.32);
5. Technology infrastructure renovation tax credit (HRS § 235-110.51);
6. Ship repair industry tax credit (HRS § 235-110.65); and
7. Tax credit for research activities (HRS § 235-110.91).

The bill has a defective effective date of July 1, 2050, provided that section 2 shall apply to taxable years beginning after December 31, 2026, and part II shall take effect on January 1, 2029.

DOTAX supports the Administration's proposal, as provided in the original draft of S.B. 3125, to preserve the fiscal sustainability of the State through amendments to the income tax laws. DOTAX notes that S.B. 3125, S.D.1 would not result in a comparable amount of revenue.

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

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Repeal High Tax Brackets, Add Debarment Provisions to Low Income Credits, Repeal Business Tax Credits

BILL NUMBER: SB 3125 SD1

INTRODUCED BY: WAM

EXECUTIVE SUMMARY: PART I: Repeals certain future adjustments to income tax brackets. Changes income tax rates. Amends the child and dependent care tax credit by: (1) Changing the applicable percentage of the employment-related expenses for which the credit may be claimed to an unspecified percentage; (2) Providing for a disallowance period when there is a final administrative or judicial decision finding that the claim was due to fraud or disallowing the credit; and (3) Defining "adjusted gross income". Extends the repeal date for amendments made by Act 163, SLH 2023 to the child and dependent care tax credit, earned income tax credit, and food/excise tax credit to an unspecified date. PART II: Beginning 1/1/2029, repeals the following tax credits: Renewable Energy Technologies Income Tax Credit, Capital Goods Excise Tax Credit, High Technology Business Investment Tax Credit, Renewable Fuels Production Tax Credit, Technology Infrastructure Renovation Tax Credit, Ship Repair Industry Tax Credit, and Tax Credit for Research Activities. Effective 7/1/2050. (SD1)

SYNOPSIS: Amends section 235-51, HRS, by deleting tax brackets in the modifications in the tax rate schedules that are scheduled to take effect in 2027 and 2029:

Filing Status	Beginning Year	Brackets Eliminated
Joint Return / Surviving Spouse	2027	\$350,000+
	2029	\$350,000+
Head of Household	2027	\$262,500+
	2029	\$262,500+
Single / Married Filing Separately	2027	\$175,000+
	2029	\$175,000+

Amends section 235-55.6, HRS, to change the applicable percentage for the household and dependent care credit to fifty per cent reduced by one percentage point for each \$3,000, or fraction thereof, by which the taxpayer's adjusted gross income exceeds \$ ____; provided that the applicable percentage shall not be reduced below 15%.

Also adds a new subsection stating that no credit shall be allowed during the disallowance period, which is two taxable years after the most recent taxable year for which there was a final administrative or judicial decision disallowing the taxpayer's claim for credit, or ten taxable years if the disallowance was due to fraud.

Defines adjusted gross income, for purposes of the credit, as adjusted gross income as defined by the Internal Revenue Code of 1986, as amended.

Repeals section 235-12.5, HRS, relating to the renewable energy technologies credit.

Repeals section 235-110.7, HRS, relating to the capital goods excise tax credit.

Repeals section 235-110.9, HRS, relating to the high technology business investment tax credit.

Repeals section 235-110.32, HRS, relating to the renewable fuels production tax credit.

Repeals section 235-110.51, HRS, relating to the technology infrastructure renovation tax credit.

Repeals section 235-110.65, HRS, relating to the ship repair industry tax credit.

Sunsetts section 235-110.91, HRS, relating to the tax credit for research activities, on January 1, 2029.

EFFECTIVE DATE: July 1, 2050. The changes to the household and dependent care credit apply to taxable years starting in 2027 and are repealed in 2033.

STAFF COMMENTS: This started off as an Administration bill sponsored by the Office of the Governor and designated GOV-06 (26).

As a policy matter, we would prefer that the Legislature balance the budget by finding and repurposing excess funds that are now being held by the government and doing nothing. The existence of such funds has been well documented by the State Auditor and others.

Regarding the debarment periods proposed by the bill, we suggest that the Legislature provide clarity on whether the debarment occurs when *part* of the credit is disallowed, because of math errors for example. A two-year debarment for miscomputing \$1 out of a \$150 credit sounds too harsh to us.

The tax credits we provide that are aimed at poverty relief are multifarious and disparate. We in Hawaii have several disparate programs and tax credits aimed at poverty relief. They include the EITC, the food/excise tax credit (HRS section 235-55.85), the household and dependent care credit (HRS section 235-55.6), and the credit for low-income household renters (HRS section 235-55.7). The credits have non-duplication provisions and strict time limits on when they may be claimed upon pain of credit forfeiture. Apparently, lawmakers of the past had many different ideas on how to address the problem of poverty in Paradise but couldn't figure out which program to go with, so they adopted them all. The principal disadvantage of this is that people can and do get confused over which credits they can and can't claim, and as a result could expose themselves to credit disallowance, penalties, and other undesirable consequences. Even at the federal level, according to IRS Acting Commissioner Doug O'Donnell in January 2023, "many people miss out on the credit because they don't know about it or don't realize they're eligible." IR-2023-16 (Jan. 27, 2023). Rather than continuing this confusing patchwork of tax relief, we recommend concentrating on one or two credits, making them into meaningful programs, and removing the credits that are now causing unnecessary distraction.

Re: SB 3125 SD1
Page 3

Part II of this bill proposes to repeal a number of industry-specific tax incentives. Apparently, the object of this bill is to ask the beneficiaries of each of the targeted incentives to justify the continued existence of those incentives.

Digested: 4/3/2026



HIPHI Board

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Danette Wong Tomiyasu, MBA
Retired, Hawai'i State Department of
Health

HIPHI Initiatives

Coalition for a
Tobacco-Free Hawai'i

Community-Based Research &
Evaluation

Community Health
Worker Initiatives

Environmental Health

Hawai'i Climate Change and Health
Working Group

Hawai'i Drug & Alcohol-Free Coalitions

Hawai'i Immunization Coalition

Hawai'i Oral Health Coalition

Hawai'i Public Health Training Hui

Healthy Eating + Active Living

Kūpuna Collective/Healthy Aging &
Community Living

Public Health Workforce Development

Date: April 6, 2026

To: Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair
Members of the House Committee on Finance

Re: Support with Amendments for SB 3125, Relating to Income Tax

Hrg: Tuesday, April 7, 2026, at 2:00 PM, Conference Room 308

Hawai'i Public Health Institute (HIPHI)¹ is in **support with amendments of SB 3125 SD1**, which repeals future income tax cuts enacted in Act 46 (2024).

“True compassion is more than flinging a coin to a beggar. It comes to see that a system which produces beggars needs restructuring.”

- Dr. Martin Luther King Jr., April 4, 1967

Where Are Our Priorities?

Nearly half of Hawai'i residents struggle to make ends meet.² This is not an accident; this is the predictable result of policy choices this state has made. Choices that have failed to provide every resident a real opportunity to build a life beyond poverty.

To build a society that works for all of us, we must invest in one another. That means affordable housing, universal child care, paid family and medical leave, livable wages for all, sufficient staffing of robust state programs, free school meals, free public transportation, and free college.

These are not hypothetical or unachievable policies; they're already working in communities nationwide and across the globe. And in total, they cost less than the \$1.4 billion tax cuts enacted under Act 46.

We clearly have the resources to end poverty and the persistent struggle for our people. What we need is the will to use our resources wisely. It's time to reverse course and build the social infrastructure our communities need to truly thrive.

Requested Amendment: Restore Pre-2024 Tax Rates on High-Income Earners

Not only do we need to pause the tax cuts from continuing, but we need to restore tax rates on high-income earners to pre-2024 levels. The top 1% are already receiving \$6,000 in benefits annually. Providing continued tax benefits for the wealthy to the exclusion of doing all we can to end poverty is indefensible.

¹ Hawai'i Public Health Institute's mission is to advance health and wellness for the people and islands of Hawai'i. We do this through expanding our understanding of what creates health of people and place, fostering partnerships, and cultivating programs to improve policies, systems, and the environments where people live, learn, work, age, and play.

² [The State of ALICE in Hawaii](#). United for ALICE.



Annual Tax Revenue Generated for SB 3125 SD1 is only \$50 Million Annually

In its current state, SB 3125 SD1 will only increase annual tax revenues by \$50 million, compared to HB 2306, which increases annual tax revenue by \$620 million. Given our state's extreme need to invest in building an affordable future for us all, it's critical that we restore tax rates on high income earners to pre-2024 tax levels.

Life Changing Social Programs Cost Less than the Tax Cuts for the Highest Income Quintile

The top income quintile, households earning over \$147,000 annually, will combine to receive \$600 million in tax cuts every year.

Investing in 1,000 new affordable housing units every year (\$200 million),³ \$1,000 child tax credit (\$130 million),⁴ free public transportation for all (\$60 million),⁵ free school meals (\$23 million),⁶ free 4-year college (\$23 million),⁷ and paid family and medical leave (\$11 million)⁸ will cost in total only \$447 million. (See chart 1)

We have the opportunity to provide a better life for our entire state, to pull thousands out of poverty, to open doors to a brand new world. We must take it.

Social Spending Popular, Wealthy Tax Cuts are Not

58% of U.S. residents believe taxes on incomes over \$400,000 should be raised, including 74% of Democrats. Trump's tax cuts are wildly unpopular, with 72% of Democrats and 53% of independents believing the bill will hurt them and their families.⁹

Increased social spending is incredibly popular. 76% want a paid family leave program.¹⁰ 78% of Democrats in major cities want a \$30/hr minimum wage, with 66% support overall.¹¹ Free college tuition receives 85% support amongst Democrats, and 63% support overall.¹²

Here in Hawai'i, 90% of residents want our state to build housing dedicated for local residents, 84% support free school meals, 81% want increased access to childcare and education for children ages 0-5, and 79% want free public transportation for our keiki.^{13,14}

³ [Record funding proposed for Hawai'i low-income rental housing](#). their Star-Advertiser. March 17, 2022

⁴ [Impact of Creating a State Child Tax Credit or "Keiki Credit"](#). Hawai'i Budget & Policy Center. January 2023.

⁵ [Department of Taxation testimony on HB2541](#). February 17, 2026.

⁶ [Equity on the menu](#). Hawai'i Appleseed. October, 2023.

⁷ [Bill to Expand Free College Tuition Program Advances](#). Civil Beat. February 13, 2023.

⁸ [Analysis of Model Paid Family & Medical Leave Programs in Hawai'i](#). Prenatal-to-3 Impact Center. December, 2024.

⁹ [KFF Health Tracking Poll: Public Views on Recent Tax and Budget Legislation](#). KFF. July 24, 2025.

¹⁰ [Creating a Nationwide Paid Leave Program and Bolstering Medicare's Negotiating Power are Overwhelmingly Popular](#). Navigator. September 6, 2024.

¹¹ [Recent Research on Raising the Tipped Minimum Wage to \\$30 in Major Cities](#). Lake Research Partners. October 13, 2025.

¹² [Democrats overwhelmingly favor free college tuition, while Republicans are divided by age, education](#). Pew Research Center. August 11, 2021.

¹³ [2025 Hawaii Affordability Survey](#). Holomua Collective. October 28, 2025.

¹⁴ 2025 Healthy Eating and Active Living Policies Survey. Ward Research. January 2026.



Act 46 is Hawai'i's Version of the Trump Tax Cuts

Signed into law on July 4, 2025, H.R.1, also known as the One Big Beautiful Bill, codified into law significant income tax breaks for the highest income earners in the nation. Households earning over \$768,000 annually will receive, on average, a \$10,000 annual tax break. Hawai'i's Act 46 provides those with incomes over \$678,000 with more than a \$12,800 average annual tax break.

The Trump tax cuts were paid for by draconian cuts to Medicaid and SNAP. These cuts are throwing tens of thousands of our residents off of these programs, costing the state over \$400 million in benefits annually.¹⁵

Tax breaks enacted in Act 46 for the highest income earners cannot be a priority over helping those struggling to make ends meet.

Households in the Top 1% Receive 27 Times the Benefit as Those in the Bottom Quintile

Act 46 dramatically skews benefits toward the highest income earners. The top income quintile receives more in benefits than the bottom 3 quintiles put together. (See Chart 2). The average household in the top 1% will receive more than the combined total benefit for 27 low-income households. In total, households in the top 1% will receive \$95 million in tax cuts annually. (See Chart 3)

With half of the benefit for those in the top 1% already being realized, these households are receiving more than \$6,000 in tax cuts compared to before 2024. That's more than \$45 million in lost revenue going to just 7,000 families each year. We must reverse the high-income tax cuts.

Massachusetts Increased Taxes by 4% on High-Income Earners, and is Reaping the Benefits

Estimated revenue from this tax is more than double the estimates, as the number of millionaires increased, rather than declined following its implementation.¹⁶ Revenue generated from this new tax has funded free school meals for students statewide, free community college for low and middle-income students, and free public transportation for certain regions.

Hawai'i can follow Massachusetts' lead in enacting fair tax rates on high-income earners to help fund needed social programs.

Income Taxes are More Progressive than the General Excise Tax

Of the \$11 billion in tax revenue the state generates, 30% of it comes from income tax, with 40% coming from the general excise tax (GET).¹⁷ Act 46 cuts income tax receipts by more than a third. Shifting our revenue generation away from income tax and towards other revenue streams creates a much more regressive tax structure.

¹⁵ [Allocating CBO's Estimates of Federal Medicaid Spending Reductions Across the States: Enacted Reconciliation Package](#). KFF. July 23, 2025.

¹⁶ [The Fair Share Amendment is delivering](#). CommonWealth Beacon. August 16, 2025.

¹⁷ [Annual Report 2023-2024](#). Department of Taxation, State of Hawai'i.



Low-income families in the bottom two income quintiles pay nearly 9% of their incomes in GET, while those in the top 5% of income earners pay less than 3% of their income in GET.¹⁸ Comparatively, low-income families pay less than 3% of their income in income tax, with the top 5% of income earners paying about 5% in income tax.

We can build a more just tax structure by moving towards income taxes and away from GET taxes.

An Amazing Opportunity

Not often does the opportunity to make generational change for your constituents come along, but this bill can open the door for that change. Reversing these tax cuts for high-income earners and using those funds to build a future that we all want is what dreams are made of.

The people have voted you in to represent them and now is your chance to make good on that promise. In 2036, we can look back on today as the turning point for when Hawai'i began to decide that the people's needs come before the wants of the wealthy. That we decided that ending poverty is a choice and we chose to end it.

A future with affordable housing for all, paid family and medical leave for all, universal child care for all, free school meals for all, free public transportation for all, livable wages for all, free college for all, fully funded food banks, and fully staffed robust state social services is right around the corner. We just need to decide today to make it happen.

Mahalo,

A handwritten signature in black ink that reads 'Nate Hix'.

Nate Hix
Director of Policy and Advocacy

¹⁸ [Hawai'i Who Pays? 7th Edition](#). Institute on Taxation and Economic Policy.

Chart 1:

Popular Social Programs Cost Less Than the Wealthy Tax Breaks in Act 46

- Paid Family and Medical Leave - \$11 million
- Free College - \$23 million
- Free School Meals - \$23 million
- Free Public Transportation - \$60 million
- \$1,000 Child Tax Credit - \$130 million
- 1,000 New Affordable Homes - \$200 million
- Tax Cuts for the Top 20% - \$600 million

Where Are Our Priorities?

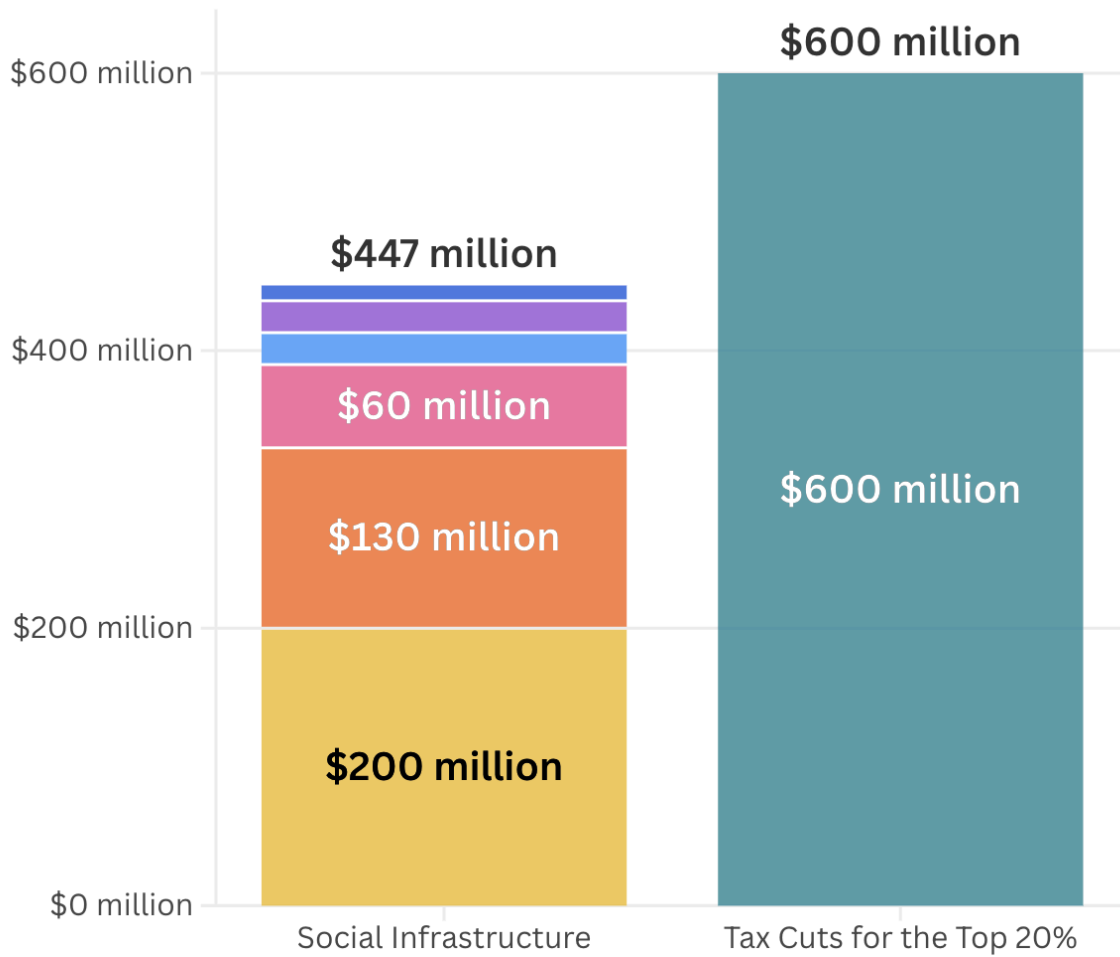


Chart 2:

Highest Income Earners Receive Overwhelming Share of Act 46 Benefits

Act 46 gives more to the top 20% than to the bottom 60% combined

Share of \$1.4 Billion Tax Cuts in Act 46

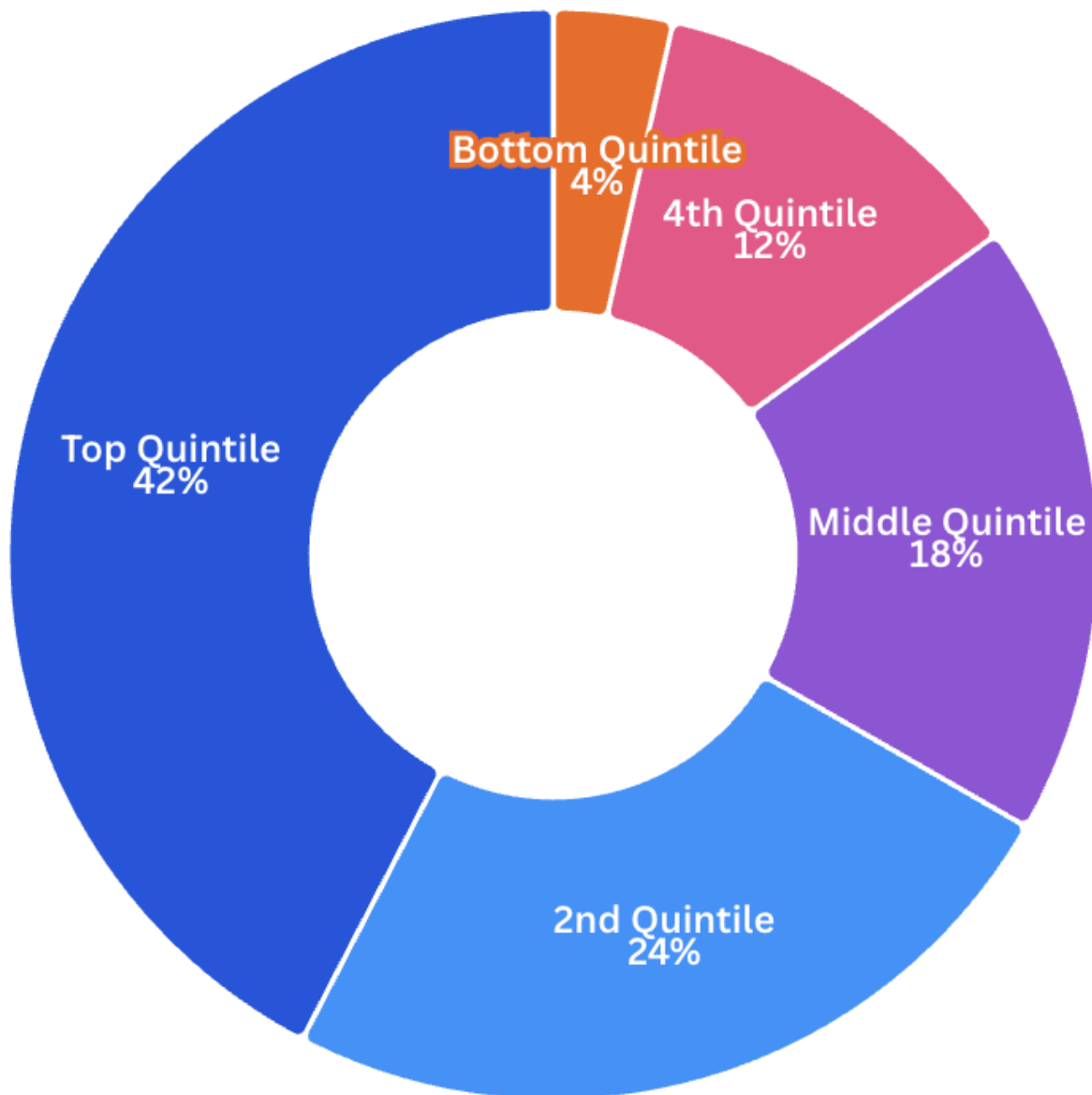
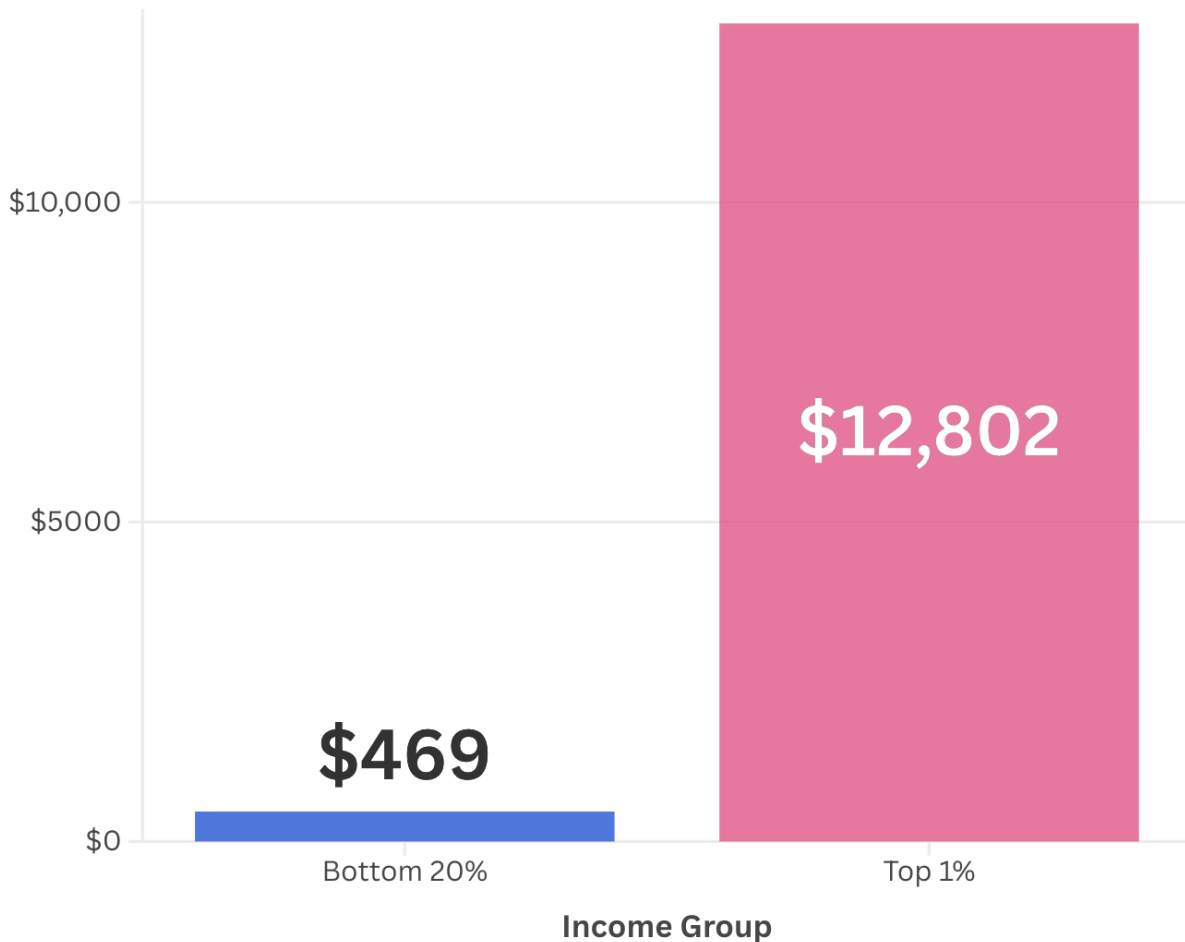


Chart 3:

Act 46 Gives the Top 1% Annual Tax Benefits 27 Times Greater Than the Bottom 20%

Annual Tax Break Received



Hawai'i Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to advocating for children and their families. Our core issues are safety, health, and education.

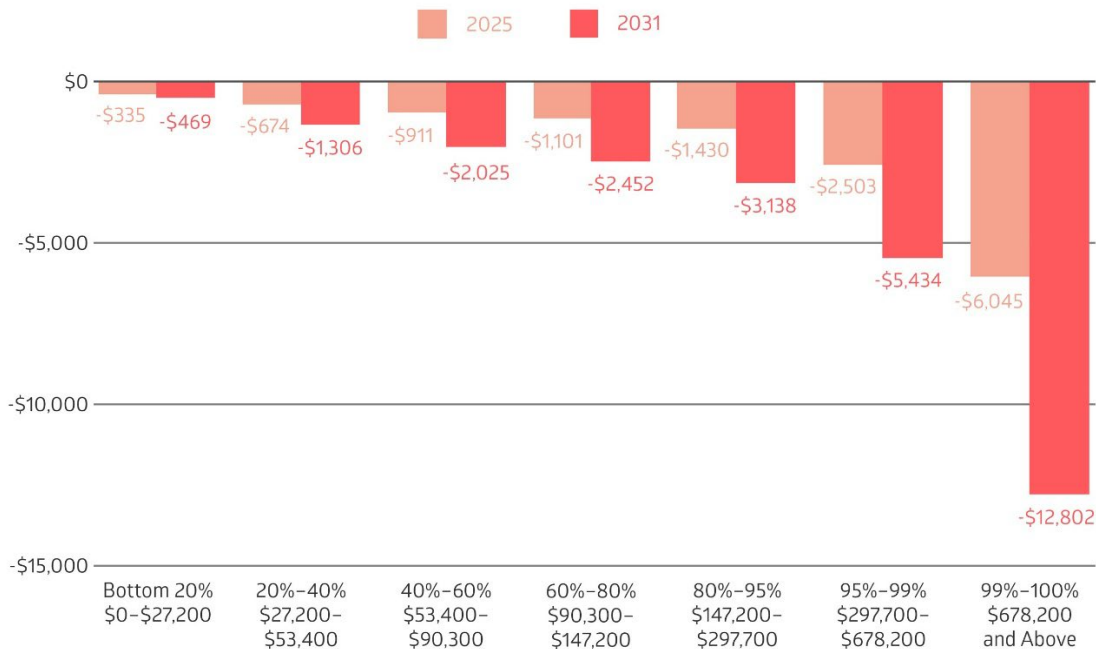
To: House Committee on Finance
 Re: **SB3125 SD1 – Relating to Income Tax**
 Hawai'i State Capitol & Via Videoconference
 April 7, 2026, 2:00 PM

Dear Chair Todd, Vice Chair Takenouchi, and Committee Members,

On behalf of Hawai'i Children's Action Network Speaks!, I am writing in **SUPPORT of SB3125 SD1**. This bill makes several adjustments to our state income tax code, including:

- Repeals future adjustments to income tax brackets for the highest-income earners,
- Increases the applicable percentage of the employment-related expenses for which the child and dependent care tax credit may be claimed, and
- Extends the sunset for amendments made to the child and dependent care tax credit, earned income tax credit, and food/excise tax credit.

The major income tax cuts enacted in **Act 46 (2024)** will reduce state revenues by over **\$1.4 billion annually by 2031**, with those in the **top 1% receiving over \$12,000 per year**, every year, when it is fully implemented:¹



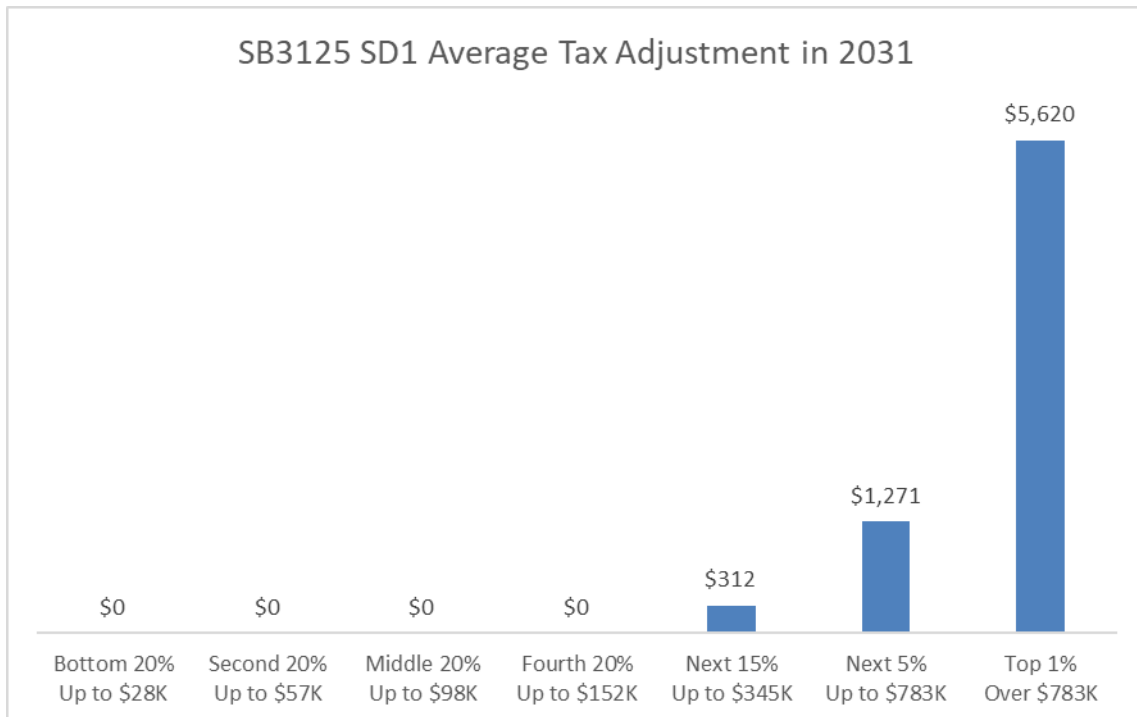
Combined with new large federal cuts to funding of essential programs, we are concerned that our state might not be able to maintain the services that help Hawai'i families afford to live here. This bill

¹ <https://hiappleseed.org/blog/hawaii-costly-tax-shift-billion-dollar-cut-threatens-public-services>

addresses future drops in revenue by **pausing future tax cuts, while preserving those that have already taken effect.**

In 2027 alone, this bill would pause future tax cuts worth \$27 million. By **2031**, this bill would pause future tax breaks worth **\$51 million**. This would affect only those in the higher income tax brackets: married couples with over \$350,000 in annual income, heads of households with over \$262,500 and single filers with over \$175,000.²

To be clear, families under those income levels, or the **bottom 80%**, would keep all of their current and future tax cuts. The top 20% will keep all their current tax cuts, but will not get future tax cuts of an average of \$1,288 in 2027 and \$2,500 in 2031. Those in the **top 1%**, with an average income of \$1.9 million, would not receive an average additional tax break of **\$5,620 in 2031**:



In addition, by increasing percentage of care expenses that families may claim with the child and dependent care tax credit (CDCTC), this bill also would help those with significant caregiving expenses be able to keep more of their hard-earned money. With the median cost of preschool exceeding \$13,000 per year,³ our working families need this additional support.

Our state already provides child care subsidies for the lowest-income families, resulting in relatively low child care co-payments for those parents.⁴ However, middle-income families, as well as those who are at

² Unpublished analysis of HB2306 HD1 and SB3125 SD1 by the [Institute on Taxation and Economic Policy](#), April 2026. Learn about ITEP's [tax microsimulation model here](#).

³ <https://www.dol.gov/agencies/wb/topics/childcare/price-by-age-care-setting>

⁴ <https://humanservices.hawaii.gov/bessd/files/2021/09/Child-Care-Gross-Income-Eligibility-Limits-and-Sliding-Fee-Scale.pdf>

the ALICE survival budget level, do not qualify for those subsidies, so the CDCTC improvement proposed by the original version of this bill would especially help them:

HOW IMPROVING THE CDCTC WOULD HELP HAWAI'I FAMILIES				
Type of family	Single parent with 1 child	Single parent with 2 children	Married couple with 1 child	Married couple with 2 children
Income level	Minimum wage	Median household income	2 minimum wage workers	ALICE survival budget
Annual Income	\$33,280	\$100,389	\$66,560	\$110,112
Preschool tuition	\$13,842	\$27,684	\$13,842	\$27,684
Parents' co-pay	\$1,664	\$27,684	\$5,990	\$27,684
Current tax credit amount	\$383	\$3,000	\$899	\$3,000
New tax credit amount	\$832	\$10,000	\$2,995	\$10,000
Difference	\$449	\$7,000	\$2,097	\$7,000

Finally, this bill extends the sunset date of important improvements to other tax credits for working families: the earned income tax credit and the food/excise tax credit. These credits also help low-income and working class local families afford to stay here, and extending the improvements to them ensures continued support for those families who need it most.⁵

In the context of potentially massive future federal funding cuts, this bill smartly pauses large tax cuts for those who can afford to go without them while also targeting relief to families balancing work and caregiving and striving to make ends meet our expensive state.

Mahalo for the opportunity to provide this testimony. Please pass this bill.

Sincerely,

Nicole Woo
Director of Research and Economic Policy

⁵ <https://files.hawaii.gov/tax/stats/stats/credits/2023credit.pdf>



SENATE BILL 3125 SD1, RELATING TO INCOME TAX

APRIL 7, 2026 · FIN HEARING

POSITION: Support with amendments.

RATIONALE: The Democratic Party of Hawai'i Education Caucus **supports and suggests amendments** for SB 3125 SD1, relating to income tax, which amends income tax brackets and repeals various tax credits to address revenue shortfalls for the state.

Hawai'i's public education system depends on stable and adequate state revenue, and the legislature must ensure that future tax policy does not undermine the state's ability to fund public schools, teachers, and educational programs. In 2024, Hawai'i enacted the largest income tax cut in state history, which is scheduled to reduce state revenue significantly over the coming years.

Estimates indicate that by 2031, these tax cuts could reduce state revenue by more than \$1.4 billion per year, which represents a substantial portion of the State's total tax revenue and could limit funding available for public services, including education. When state revenue declines, public education funding is often among the areas affected, impacting teacher recruitment and retention, classroom resources, school facilities, and student support services. Maintaining stable revenue is essential to maintaining a strong public education system.

This proposal is part of a broader effort by the legislature and administration to address the long-term fiscal impact of the 2024 tax cuts and ensure that the state can continue funding essential

services. The measure would modify future income tax adjustments and extend certain tax credits while addressing the scheduled tax cuts enacted in 2024. Economic experts have noted that continued tax reductions could significantly reduce state revenue at a time when the state faces financial uncertainty, federal funding changes, and increasing costs for public services.

Public education is one of the largest and most important responsibilities of the state, and stable funding is essential to ensuring student success, improving teacher retention, expanding career and technical education programs, supporting special education services, and maintaining safe and modern school facilities. Long-term revenue reductions without replacement funding sources can create structural budget deficits that ultimately undermine student learning growth.

That said, we respectfully request that this bill be amended to reflect the contents of HB 2306 HD1, which would generate greater revenue than SB 3125 SD1, and do so through a sensible enactment of a comprehensive freeze on the income tax cuts of Act 46 from 2024 and a minor tax increase on the state's wealthiest residents, rather than a partial tax freeze and a hodgepodge of industrial tax credit repeals. The House version would pause future tax cuts while hiking tax rates slightly for the highest income brackets and preserving or expanding tax credits that benefit working families, such as the earned income tax credit and household and dependent care tax credit. This approach better balances the need for revenue with fairness and affordability for working families by maintaining tax relief for low- and middle-income households while improving tax equity by asking those at the top of our state's financial scale to pay more to support those who are struggling to afford our exorbitant cost of living.

Ensuring adequate funding for public education is one of the most important investments the state can make in Hawai'i's future workforce, economy, and communities. Stable and sustainable revenue allows us to invest in teacher pay, early childhood education, school facilities, and student support programs that ensure our keiki can achieve their highest aspirations.

Contact: educationcaucusdph@gmail.com · 808-679-7454



Testimony to the House Committee on Finance
Tuesday, April 7, 2026 2:00 PM
Conference Room 308 & Videoconference
Hawaii State Capitol
SB 3125 SD1

Chair Todd, Vice Chair Takenouchi and Members of the Committee,

Hawaii Gas respectfully submits comments on SB 3125 SD1 and its proposed repeal of key tax provisions that have long supported capital investment and economic activity in our State.

Established in 1904, Hawai'i Gas serves over 70,000 customers on all islands through its utility pipeline infrastructure and propane business, all of whom depend on the company for sustainable, reliable, and affordable gas for water heating, cooking, drying, and other commercial and industrial applications. The company employs approximately 350 professionals, over 75% of whom are covered by collective bargaining.

HRS §235-110.7 The Capital Goods Excise Tax Credit is a long-standing and essential tool that helps offset the exceptionally high cost of capital investment in Hawaii.

The Capital Goods Excise Tax Credit supports continued investment in public safety and disaster response critical infrastructure across the State. Eliminating it would undermine the ability of regulated utilities, which is a capital-intensive industry to plan and execute long-term projects essential to the public interest, economic stability, and Hawaii's energy transition.

We respectfully request that the Committee exclude the temporary repeal of the Capital Excise Tax.

Thank you for the opportunity to testify.



APRIL 7, 2026

SENATE BILL 3125 SD1

CURRENT REFERRAL: FIN

808-679-7454
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Kris Coffield,
President

David Negaard,
Director

Mireille Ellsworth,
Director

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Eileen Roco,
Director

Beatrice DeRego,
Director

Corey Rosenlee,
Director

Amy Zhao,
*Policy and Partnerships
Strategist*

POSITION: SUPPORT WITH AMENDMENTS

Imua Alliance supports and suggests amendments for SB 3125 SD1, relating to income tax, which repeals certain future adjustments to income tax brackets; changes income tax rates; amends the child and dependent care tax credit by: (1) changing the applicable percentage of the employment-related expenses for which the credit may be claimed to an unspecified percentage; (2) providing for a disallowance period when there is a final administrative or judicial decision finding that the claim was due to fraud or disallowing the credit; and (3) defining "adjusted gross income"; extends the repeal date for amendments made by Act 163, SLH 2023 to the child and dependent care tax credit, earned income tax credit, and food/excise tax credit to an unspecified date; and beginning 1/1/2029, repeals the following tax credits: Renewable Energy Technologies Income Tax Credit, Capital Goods Excise Tax Credit, High Technology Business Investment Tax Credit, Renewable Fuels Production Tax Credit, Technology Infrastructure Renovation Tax Credit, Ship Repair Industry Tax Credit, and Tax Credit for Research Activities.

Imua Alliance is a Hawai'i-based organization dedicated to ending sexual exploitation and gender violence. From our perspective, state revenue and tax policy directly determines whether survivors of domestic violence, sexual assault, trafficking, and exploitation can access shelter, legal services, counseling, and housing.

Please amend this measure by replacing its contents with the contents of HB 2306 HD1, which your committee passed on March 4th of this year. HB 2306 HD1 will have a stronger overall fiscal and equity impact because it focuses on generating revenue by increasing the income tax rate for the three highest earning tax brackets, while continuing to freeze costly income tax cuts at other income levels that are destabilizing state revenue.

SB 3125 SD1, in contrast, limits the freeze of Act 46's tax cuts to only the highest earners, does not increase taxes on the wealthiest residents of our state, and relies on tax credit repeals to make up the difference in revenue generation needed to protect our state's finances. This mish-mash method of generating revenue fails to deliver the substantial resources needed to protect essential state programs and services, and ignores the gross inequities that persist in our tax code for people of different levels of economic privilege.

We are in a fiscal crisis that is only getting worse as we assess the devastation wrought by the recent Kona Lows. **We have a moral imperative to create the funding necessary to assist the most vulnerable among us, who are already experiencing cutbacks to the core programs that allow them to survive with the bare minimum of dignity.** A "balanced" approach to revenue generation must preserve the economic security that empowers our state to continue lifting vulnerable communities out of precarity.

Hawai'i is currently facing a difficult and uncertain fiscal environment driven by multiple factors, including federal funding cuts, economic uncertainty, disaster recovery costs, and previously enacted tax cuts that are reducing state revenues by over \$5 billion over the next six years. The State Council on Revenues has already projected negative revenue growth for fiscal year 2026, in part due to the phased implementation of the 2024 income tax cuts. At the same time, economists have warned that Hawai'i's economy is softening due to declines in tourism growth and federal spending cuts affecting the local economy. **In other words, the state is entering a period where revenues are expected to grow more slowly or even decline while demand for services is increasing.**

At the same time, Hawai'i's nonprofit and human services sector is facing significant losses in federal funding. A University of Hawai'i Economic Research Organization report found that Hawai'i nonprofits face approximately \$126 million in federal funding that is at risk or already cut, affecting housing, health care, youth services, and domestic violence programs. These cuts are already having real impacts. Programs that provide housing and services for survivors of domestic violence have lost federal funding and had to reduce services or relocate survivors, and some organizations have had to lay off staff or scale back programs. Experts have described the situation as a crisis for domestic violence services due to funding losses and increased demand for services. Many nonprofits rely heavily on federal funding, and when federal funding is reduced, the demand for services often increases, while funding decreases, creating serious gaps in our state's safety net.

Recent severe storms and flooding events in Hawai'i have also increased demand for housing assistance, emergency services, and nonprofit support programs. Disaster recovery increases pressure on social services, housing programs, and domestic violence programs, as families experience housing

instability, financial stress, and displacement—all factors associated with increased risk of domestic violence and exploitation. Hawai'i is therefore facing a convergence of pressures in which federal funding is decreasing, state revenue growth is slowing, and demand for housing, social services, and domestic violence programs is escalating.

For survivors of domestic violence and sexual exploitation, state-funded programs are often the difference between safety and returning to an abusive situation. Shelters, transitional housing, legal assistance, counseling services, and prevention programs are often funded through a combination of federal grants, state funds, and nonprofit funding. When federal funding decreases, the state becomes even more important as a stable funding source. Revenue decisions made today determine whether domestic violence shelters remain open, whether survivors can access legal services and protective orders, whether trafficking survivors can access housing and counseling, and whether prevention and community-based programs can continue operating.

Budget and tax policy are ultimately decisions about priorities. At a time when federal funding is declining, disasters are increasing, and demand for services is rising, Hawai'i must ensure that it has the revenue necessary to protect the safety and stability of its residents. For survivors of gender violence and exploitation, these funding decisions will decide whether they can rebuild their lives, restore their safety, and reclaim their humanity.

With aloha,

Kris Coffield

President, Imua Alliance



April 6, 2026

The Honorable Chris Todd
Chair, House Finance Committee
Hawai'i State Capitol
415 S. Beretania St.
Honolulu, HI 96813

Dear Chair Todd and Members of the House Finance Committee:

On behalf of CTIA®, the trade association for the wireless communications industry, I am writing in opposition to Part II of SB 3125, which includes provisions that would repeal critical tax credits that support capital-intensive infrastructure and long-term investment in the State of Hawai'i.

Of particular concern is Section 5 of the bill, which seeks to repeal the income tax credit in Section 235-110.7 of the Revised Statutes for general excise taxes paid on the purchase of capital goods. For the wireless industry, "capital goods" include essential network equipment necessary to provide high-speed 5G connectivity and bridge the digital divide in Hawai'i. The existing credit acts as a vital offset to the high costs of undertaking large-scale infrastructure projects in a unique geographic environment like Hawai'i. By sunseting this credit, the State would effectively increase the cost of doing business, forcing providers to re-evaluate the viability of future network investments. These investments do more than just expand coverage, they drive economic development, help small businesses connect to broader markets, and provide residents with the tools they need to participate in a modern economy.

At a time of exploding consumer demand for wireless services, our industry is working hard to deploy and upgrade infrastructure for Hawai'i residents. Nationally, in 2024, the wireless industry invested \$29 billion in private funding to maintain and upgrade wireless networks, and approximately \$220 billion since 2018. These investments support consumers and fuel economic growth in Hawai'i, where the wireless industry employs approximately 22,600 residents and contributes \$2.1 billion to the state's GDP annually.

While the proposed repeal in SD 1 is slated for January 1, 2029, its impact will be felt immediately. Infrastructure deployment requires multi-year planning and significant up-front capital commitments. If providers know that tax credits will be stripped away by 2029, it creates a climate of uncertainty that stunts investment cycles today.

CTIA asks that you remove Section 5 from SB 3125 SD 1 to ensure that Hawai'i continues to encourage the investment necessary for a robust wireless network.

Thank you for your consideration.

Sincerely,

Annissa Reed

Annissa Reed

Director, State and Local Affairs



CATHOLIC CHARITIES HAWAI'I

SUPPORT FOR SB 3125 SD1 HD1: RELATING TO INCOME TAX

TO: House Committee on Finance
FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawai'i
Hearing: Tuesday, April 7, 2026; 2:00 PM; CR 308 and via Videoconference

Chair Todd, Vice Chair Takenouchi, and Members, Committee on Finance:

My name is Betty Lou Larson, Legislative Liaison with Catholic Charities Hawai'i. Thank you for the opportunity to testify in **support of SB 3125 SD1 HD1**, which repeals certain future adjustments to income tax brackets and income tax rates. It amends the child and dependent care tax credit, and extends the repeal date for the child and dependent care tax credit, earned income tax credit, and food-excise tax credit. It repeals certain business-related tax credits.

Catholic Charities Hawai'i (CCH) is a tax-exempt, community-based organization that has served Hawai'i for over 78 years, assisting more than 40,000 individuals statewide each year. We provide a wide range of services for children, families, kūpuna, immigrants, and individuals experiencing homelessness. Our Mission is to serve the most vulnerable in Hawai'i

We are entering a period of **extraordinary fiscal pressure**. Federal cuts to SNAP, Medicaid, and other safety-net programs will shift significant costs onto the state. These programs serve the most vulnerable households—families, seniors, people with disabilities—who rely on state funding to maintain basic wellbeing. Hawai'i is also facing more frequent and more intense disasters such as the recent floods and the Maui wildfires. In this context, preserving adequate state revenues becomes essential to protect those who depend most on public programs.

We appreciate the intent of this bill to deliver tax relief to our local working families while also balancing the State's fiscal health. We urge your committee to focus on the long-term needs of our State to develop an income tax package that will provide more stability for the financial pressures still to come in the next 3 to 6 years. The financial picture of Hawai'i has changed greatly since the Legislature passed the 2024 tax reforms in Act 46. Hawai'i Public Radio has projected that the current tax plan would cost the state **more than \$5 billion in lost revenue by 2031**. Now is the time to make adjustments that would protect Hawai'i's long-term fiscal health.

Catholic Charities Hawai'i appreciates the Legislature's proactive actions to maintain critical supports for hundreds of thousands of our state residents. We respectfully urge you to pass a bill to ensure that State revenues can meet the challenges facing the State in the future.

If you have any questions, please contact Betty Lou Larson at (808) 527-4813.





Testimony of
Gwen Yamamoto Lau
Executive Director
Hawai'i Green Infrastructure Authority
before the
HOUSE COMMITTEE ON FINANCE
Tuesday, April 7, 2026, 2:00 PM
State Capitol, Conference Room 308
in consideration of
Senate Bill No. 3125, SD1
RELATING TO INCOME TAX

Chair Todd, Vice Chair Takenouchi and Members of the Committee:

Thank you for the opportunity to testify on SB3125, SD1, relating to income tax. The Hawai'i Green Infrastructure Authority (HGIA) respectfully offers comments on Part II, which proposes to repeal certain tax credits.

HGIA takes no position on Part I of the bill, which reflects the original language of SB3125. Our testimony focuses on the repeal of Section 235-12.5, Hawaii Revised Statutes - the renewable energy technologies income tax credit (RETITC), which allows system owners to claim credits in an amount equal to the lower of thirty-five percent of system cost or \$5,000 for installing a solar energy system, including rooftop solar. This bill would repeal this tax credit beginning January 1, 2029.

HGIA is concerned that this measure will hinder solar investment for Hawaii's most vulnerable households facing the highest electricity costs in the nation.¹ Lower income households have historically been unable to access savings through rooftop solar as many of these households do not have sufficient tax liabilities. Rooftop solar leases, in which third-party investors own the systems and sell energy at a below-utility rates have been instrumental in enabling lower income households to access solar, as it removes upfront costs and ongoing maintenance costs. Coupled with HGIA's GEM\$ financing, which

¹ https://files.hawaii.gov/dbedt/economic/data_reports/reports-studies/Electricity_Burdens_on_Hawaii%E2%80%99i_Households_Jan_2025.pdf

requires a minimum estimated 20% electric utility bill savings, results in a win for our underserved ratepayers.

HGIA anticipates that at least 90 percent of GEM\$ applications received over the next year will be for third-party owned systems for low- and moderate-income or ALICE households. The RETITC has enabled Hawaii's nation-leading expansion of solar energy to underserved ratepayers. Losing the RETITC as an incentive for private investment would result in a significant loss of investments for this population.

Thank you for this opportunity to provide comments and testify on SB3125, SD1.

Testimony of Matson Navigation Company, Inc.
Opposition to SB3125, SD1
Before the Committee on Finance
April 7, 2026

Dear Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

Matson Navigation Company, Inc. ("Matson") respectfully opposes SB3125, SD1, Relating to Income Tax. This measure, among other things, imposes general excise taxes on certain capital goods by repealing section 235-110.7, Hawaii Revised Statutes ("HRS"). Currently, this is exempted from the general excise tax.

Suspending these tax credits will result in higher costs for end consumers of all goods imported into the State. As an island state, Hawaii is very dependent upon commercial maritime shipping. It is estimated that over 90 percent of our imported goods pass through Hawaii's harbors, including consumer goods, motor vehicles, construction materials, and fuel. Repealing section 235-110.7, HRS will hit every resident of our State and further increase the cost of living.

If your Committee chooses to pass this measure, we respectfully request that you amend it to restore the tax credits contained in section 5 (page 42, line 10 to page 46, line 19).

Thank you for allowing us the opportunity to provide testimony.

TESTIMONY IN OPPOSITION OF SB 3125 SD1 RELATING TO INCOME TAX

Aloha Chair Todd, Vice Chair Takenouchi and Members of the Finance Committee,

Nahelani Parsons, Executive Director for the Hawai'i Renewable Fuels Coalition, (HRFC). Mahalo for the opportunity to testify in strong **opposition to Section 7 of SB 3125 SD1**, and we respectfully urge its deletion.

Hawai'i's Energy Challenge and Opportunity

Hawai'i is uniquely dependent on imported petroleum to meet its energy needs. Aviation alone accounts for more than half of the state's transportation fuel consumption, making it one of the most challenging sectors to decarbonize. Renewable fuels, including sustainable aviation fuel, renewable diesel, and renewable naphtha, provide one of the few scalable solutions available today to reduce emissions in aviation, maritime, and heavy duty transportation while strengthening Hawai'i's energy security. This policy is directly aligned with Hawai'i's statutory commitment to achieve 100 percent renewable energy by 2045 and broader economy-wide decarbonization goals.

Local Investment Already Underway

In April 2023, Par Hawai'i announced a 90 million dollar investment to convert a unit at the Kapolei refinery to renewable fuel production. The Renewable Hydrotreater is currently under construction and will be operational in 2026. Using existing refining infrastructure, the facility will produce approximately 60 million gallons per year of renewable fuels.

These drop in fuels are compatible with existing infrastructure and will include sustainable aviation fuel for airlines, renewable diesel for ground transportation, marine vessels, and power generation, and renewable naphtha used in gasoline blending, synthetic natural gas, and power production. Par Hawai'i is actively negotiating supply contracts with customers including Hawai'i Gas, Hawaiian Electric, the Hawai'i Department of Transportation, and Hawaiian and Alaska Airlines, ensuring broad in-state utilization. Par Hawai'i intends to utilize the Renewable Fuels Production Tax Credit for tax year 2026, which is a key factor in making these fuels cost competitive for local consumers.

Policy Certainty Matters

The Renewable Fuels Production Tax Credit was an important policy signal that helped enable this investment. Repealing the credit now, while the facility is under construction and preparing to begin production, would create immediate policy uncertainty at a critical stage and undermine projects already underway, while sending a chilling signal to future clean energy investment in Hawai'i.

Role of Renewable Fuels in the Energy Transition

Renewable fuels are also an important part of Hawai'i's broader energy transition. While electrification will play a major role in reducing emissions in some sectors, renewable fuels provide an immediate pathway to reduce emissions in sectors that cannot easily electrify, particularly aviation and maritime transportation.

Strengthening Energy Security

For an island state located thousands of miles from major fuel suppliers, expanding local renewable fuel production strengthens energy security. Producing fuels locally reduces reliance on imported petroleum and helps protect Hawai'i from global supply disruptions and price volatility.

Benefits to Agriculture and Land Use

Renewable fuel production also creates new opportunities for Hawai'i agriculture. Oilseed crops such as camelina can be grown as cover crops in rotation with food crops, improving soil health while generating additional revenue for farmers. Expanding these crops can help bring fallow agricultural lands back into productive use, and create green breaks that help mitigate wildfire risks.

Economic and Workforce Benefits

In addition to environmental benefits, renewable fuel production supports local job creation and economic resilience. Local production keeps more energy dollars circulating within Hawai'i's economy, supporting refinery workers, farmers, transportation providers, and emerging clean energy industries.

HRFC represents a broad coalition across agriculture, energy, labor, and transportation sectors statewide, including founding members Alaska and Hawaiian Airlines, Pono Pacific, and Par Hawai'i. The coalition also works closely with partners such as Pacific Biodiesel, the Hawai'i Farm Bureau, ranchers and dairy producers, and national aviation stakeholders to advance renewable fuel production, strengthen local agriculture, and support Hawai'i's clean energy transition.

Hawai'i Renewable Fuels Coalition members

Airlines for America	Alaska x Hawaiian Airlines	Haleakala Ranch
Hawaii Farm Bureau	Hawaii Fuelling Facilities Corp	Hawaiian Electric
ITOCHU Corporation	Japan Airlines	Kuilima Farm
Meadow Gold Hawaii	Pacific Biodiesel	Par Hawaii
Pono Pacific	United Steelworkers	

Consequences of Repealing the Credit

Eliminating the Renewable Fuels Production Tax Credit at this stage would have significant consequences, including increased fuel costs for key sectors such as aviation, utilities, and agriculture, loss of competitiveness to states with established clean fuel incentives such as California, Oregon, and Washington, and delayed progress toward Hawai'i's decarbonization and energy security goals.

Maintaining the Renewable Fuels Production Tax Credit is critical to advancing Hawai'i's climate, energy, and economic goals. This credit supports local jobs, strengthens agriculture, reduces dependence on imported fuels, and keeps energy dollars in our economy. We respectfully urge the Legislature to preserve this important tool by deleting Section 7 of SB 3125 SD1.

Nahelani Parsons

Executive Director, Hawai'i Renewable Fuels Coalition



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony in **SUPPORT** of SB 3125 - Relating to Income Tax

House Committee on Finance

Tuesday, March 7, 2026

Aloha Chair Todd, Vice Chair Takenouchi and Members of the Committee,

Thank you for the opportunity to testify **in support** of Senate Bill 3125. This bill would retain some of Act 46's planned changes to the income tax brackets for low- and middle-income earners—with the goal of ensuring that Hawai'i can fund essential services for local residents. We support maintaining tax benefits for families who need assistance to make ends meet, while taxing wealthy earners at rates they will still be able to afford.

Background

Federal spending cuts will put the state's programs and services at risk, including Medicaid and SNAP. Many of Hawai'i's families depend on these safety nets to make ends meet.

Act 46 raises the standard deduction and widens the income tax brackets over several years, which means that many taxpayers will be taxed at lower rates. Unfortunately, these tax cuts will cost the state around \$240 million in the first year, and this cost will grow over time. When they are fully phased in around 2031, the tax cuts will cost over \$1.4 billion a year, which is roughly a tenth of general fund tax revenues.

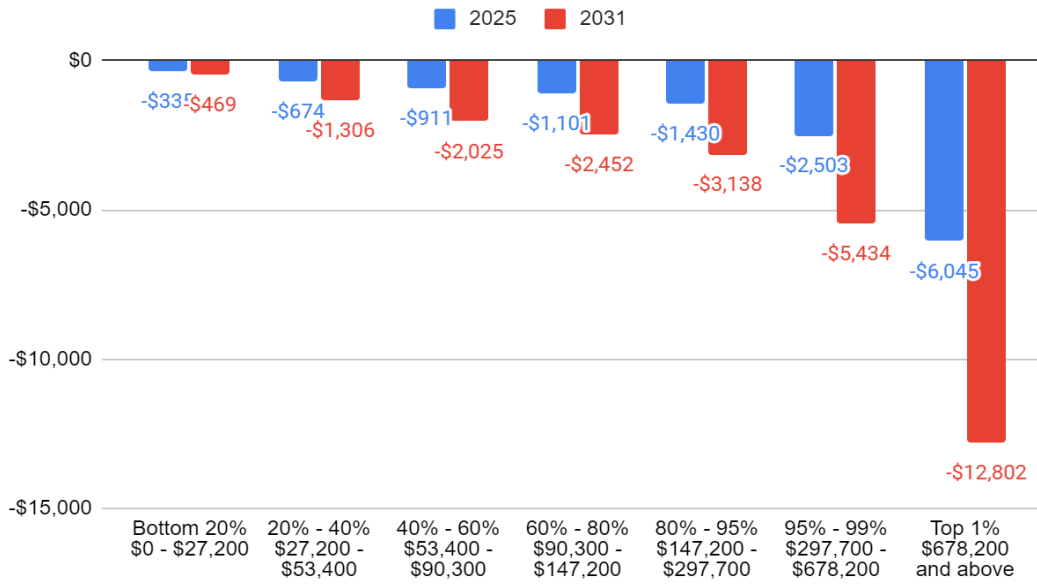
This will shrink the budget we use to fund core programs. Because our federal funding is uncertain, losing this massive amount of tax revenue will make it difficult to adequately fund our state budget in the years to come.

Who benefits most

Most households will get a tax cut, but the largest cuts go to the highest-income taxpayers. This tilt toward high earners grows as the law phases in, increasing the long-term cost to the state budget.

Distribution of Tax Cuts

Tax Cut By Income Group, Hawai'i (2025)¹



In 2025, the top 1% of Hawai'i's taxpayers will receive an average tax cut of \$6,000, compared to \$335 for the bottom 20%. By 2031, the average cut for the top 1% will more than double to almost \$13,000, while the bottom 20% will see only \$134 more than they did in 2025.

Retain tax benefits for working families

SB 3125 will continue to raise the standard deduction, which will help many low- and middle-income filers who do not itemize on their tax returns. This kind of relief should be protected so that struggling families can receive meaningful help with Hawai'i's cost of living.

Furthermore, SB 3125 looks to phase in the planned tax relief for low- and middle-income households. At the same time, it will slightly increase the tax rates on the top four brackets. This is an equitable approach to adjusting Act 46—one that lifts up working families. In the process, SB 3125 will raise \$27 million in 2027, growing to \$51 million by 2031.

¹ Institute on Taxation and Economic Policy, 2024 analysis.

Recommendations

We urge the Committee to **pass** SB 3125, although there are improvements that could be made. Owing to the necessity of generating more tax revenue, we recommend that this bill incorporate the tax increases on the upper three income tax brackets that were proposed in House Bill 2306. These changes would ensure that the highest-earners are paying their fair share towards the programs and services that we all benefit from.

Mahalo for your time and for your commitment to a fair tax system that puts Hawai'i's people first.



April 7, 2026

**TESTIMONY ON SB 3125 SD1
RELATING TO INCOME TAX**

House Committee on Finance
Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair

Tuesday, April 7, 2026 at 2:00 p.m.
State Capitol, Conference Room 308

Aloha Chair Todd, Vice Chair Takenouchi, and members of the Committee,

My name is Eric Wright and I serve as President of Par Hawaii. Par Hawaii is the largest local supplier of fuels, including various grades of utility fuels, as well as diesel, jet fuel, gasoline and propane.

Par Hawaii respectfully **opposes repeal of Section 7** of SB 3125 SD1 which repeals §235-110.32, the renewable fuels production tax credit.

Par Hawaii, together with a coalition of local organizations and businesses, forms the Hawaii Renewable Fuels Coalition, which actively promotes the production of renewable fuels, including renewable diesel (RD) and sustainable aviation fuel (SAF), in Hawaii. This initiative is critical for the state, supporting Hawai'i's clean energy and decarbonization law, which have been set by the legislature, by addressing transportation and utility emissions. Repealing §235-110.32 would move the state in the opposite direction of its clean energy and decarbonization commitments.

Evidenced over the past 18 years since the Hawaii Clean Energy Initiative launched in 2008, most of our focus as a state has been on reducing lifecycle Greenhouse Gas (GHG) emission for the utility sector. Yet, there is much work still to be done. Transportation emissions account for over 50% of Hawaii's GHG emissions. Using "drop-in" renewable fuels that do not require retrofits to existing combustible energy engines for ground, marine and air transportation can accelerate decarbonization of multiple industry sectors and reduce independence on fossil fuels.

These liquid renewable fuels are critical to meeting Hawai'i's clean energy goals. This was a key finding in the recent Act 238 Hawaii Decarbonization Pathway Study which calls for RD and SAF to be a significant part of Hawai'i's fuel supply beginning later this decade.

The good news is that Par Hawaii is already investing over \$100M into its renewable fuel's infrastructure. In the coming months, Par Hawaii will begin to produce over 60,000,000 gallons of renewable fuels for our customers to reach their decarbonization goals. Hawaii companies are also stepping up to meet the need for these carbon reducing fuels. However, the cost to produce these fuels is significantly higher than the cost of imported crude oil, and financial incentives are required to initiate and sustain the production of these renewable fuels. These state tax incentives are essential to



accelerating the transition for utilities, air, ground, and marine transportation into renewable industry development and market adoption.

Mahalo for allowing Par Hawaii to share our concerns and request that Section 7 be retained.



Charter Communications
Testimony of Rebecca Lieberman, Director of Government Affairs

HOUSE COMMITTEE ON FINANCE

Hawaii State Capitol
Tuesday, April 7, 2026

COMMENTS ON S.B. 3125, S.D. 1 – RELATING TO TAXATION.

Chair Todd, Vice Chair Takenouchi, and Members of the Committee.

Thank you for the opportunity to provide testimony on S.B. 3125, S.D. 1, a bill that repeals certain tax credits and future adjustments to income tax brackets. **Charter, respectfully, opposes this measure, unless amended to reinstate the Capital Goods Excise Tax Credit.**

As the largest broadband provider in the state, Charter believes that every Hawaii resident should have reliable access to the Internet. We will continue to help bring the benefits of broadband and access to the Internet to those who need it most.

The Capital Goods Excise Tax credit has been an important tool in fostering economic growth, infrastructure investment, and job creation across multiple industries in Hawaii. It helps offset the high cost of investing in critical infrastructure, including broadband networks. Charter's broadband construction is, on average, four times more expensive in Hawaii than on the continent. Repealing this tax credit would only further increase the cost of constructing broadband networks in the state, potentially slowing network expansion and leading to increased prices to customers.

We respectfully request the committee amend the measure to restore the Capital Goods Excise Tax Credit, as stricken in Section 5 on Page 42, Line 10 – Page 46, Line 19.

Mahalo for the opportunity to testify on S.B. 3125, S.D. 1.



April 6, 2026

**TESTIMONY IN OPPOSITION TO SB 3125 SD1
RELATING TO INCOME TAX**

House Committee on Finance
Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair

Tuesday, April 7, 2026, at 2:00 pm
State Capitol
Conference Room 308

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee,

Thank you for the opportunity to provide testimony in OPPOSITION to SB 3125 SD1, Relating to Income Tax. Pono Pacific respectfully opposes Section 7, which repeals §235-110.32, the renewable fuels production tax credit. This legislation will have the unfortunate effect of reducing the availability and increasing the costs for renewable fuel in Hawaii at a time when local companies are helping the State advance its carbon reduction goals by producing more liquid renewable fuels.

Recent geopolitical instability, particularly the escalating conflict involving Iran and disruptions in the Strait of Hormuz has underscored the vulnerability of relying solely on imported fossil fuels. As global fuel prices spike and supply chains are strained, investments in local refining and local renewable fuel production not only reduce emissions but also strengthen Hawai'i's energy security and independence by insulating the state from volatile international markets and geopolitical shocks.

Pono Pacific is Hawai'i's first and largest private natural resource conservation company providing land management, restoration services, sustainable agricultural development, renewable energy, and eco-asset development for large and small-scale projects throughout the state. Pono Pacific's expertise creates a more resilient future by promoting industries that activate working lands, increase food security and community engagement, and protect natural resources. Since 2023, Pono Pacific has partnered with Par Hawaii to develop a consistent supply of feedstocks for biofuel production across the state.



Par Hawaii is spending significant capital, approximately \$100M, retrofitting its Kapolei refinery to produce liquid renewable fuels, including Sustainable Aviation Fuel (SAF), and production will begin in Q1 of this year. Instead of eliminating this critical incentive, Pono Pacific and its partners are actively working to refine and update the RFPTC, ensuring that Hawai'i maintains a balanced, fiscally responsible approach to supporting renewable fuel development. Conversely, eliminating this tax credit would have negative economic consequences, including:

- Increasing energy costs for public agencies, airlines, utilities, and fuel providers;
- Loss of private investment in renewable fuel production and related industries; and
- Reducing energy security, making Hawai'i more vulnerable to price fluctuations in global fuel markets.

As such, we respectfully OPPOSE Section 7 of this bill. Thank you for your time and consideration.

Mahalo,

Chris Bennett
Vice President of Sustainable Energy Solutions
Pono Pacific Land Management, LLC



Park Hotels & Resorts Inc.
Scott Winer, SVP Tax
1775 Tysons Boulevard
7th Floor
Tysons, VA 22102
+1 571 302 5757 Main

WRITTEN TESTIMONY OF

Scott D. Winer
Senior Vice President, Tax
Park Hotels & Resorts Inc.

IN OPPOSITION TO SB 3125 SD 1

BEFORE THE COMMITTEE ON FINANCE

REP CHRIS TODD, CHAIR

REP. JENNA TAKENOUCI, VICE CHAIR

Hearing On SB 3125, SD 1

April 7, 2026

Testimony of Park Hotels & Resorts Inc.

SB 3125, SD 1 Relating to Income Tax

April 7, 2026

Dear Rep Todd, Vice Chair Takenouchi , and Members of the Committee on Finance:

Thank you for the opportunity to testify in **opposition** to SB 3125, SD 1, which in Part II proposes to repeal certain tax credits including the Capital Goods Excise Tax Credit (“CGETC”), effective January 1, 2029.

The CGETC has been essential in offsetting Hawaii's high cost of doing business by reducing the effective cost of purchasing tangible depreciable property. To repeal it would increase the cost of capital investment in Hawai'i.

Park Hotels & Resorts Inc. (“Park”) opposes the repeal of the CGETC and of other key tax provisions that have long supported capital investment and economic activity in Hawai'i. We appreciate the Legislature's efforts to address Hawaii's fiscal position, and we respectfully request that the scope and potential economic impact of the repeal of the CGETC receive careful consideration before final action is taken.

Park is a publicly traded lodging real estate investment trust (“REIT”) (NYSE:PK) with a diverse portfolio of hotels and resorts. Currently Park owns 34 premium-branded hotels and resorts, including (i) the **Hilton Hawaiian Village Waikiki Beach Resort** located along Oahu’s prestigious Waikiki Beach, and (ii) the **Hilton Waikoloa Village** located on the Kohala Coast of the Big Island of Hawaii.

Park has been and continues to be a solid corporate citizen and partner to the state of Hawai'i – paying significant tax, supporting numerous jobs (directly and indirectly), and benefiting the community at-large since its inception.

Park has received all discretionary approvals required for the construction of a new 36-story, 515-room hotel tower at the Hilton Hawaiian Village Waikiki Beach Resort. The construction of such a new hotel tower will require an investment by Park of in excess of \$500 million dollars and is projected to (i) create significant employment in the State; and (ii) generate significant tax revenue in the State. Exclusive of the construction of the potential new hotel tower, Park has continually made capital investments in Hawai'i. Beginning in 2017 with its ownership, Park has invested approximately \$390 million in its two Hawaiian resorts, and it anticipates spending approximately \$170 million on capital improvements in 2026.

Park is **opposed** to the proposal in this bill to **repeal the capital goods excise tax credit**. As the Committee is aware, doing business in Hawai'i is an incredible economic challenge for many reasons, including the compounding nature of the general excise tax. The existence of the CGETC helps to relieve the impact of the general excise tax and provides a relief and incentive for businesses like Park to continue to invest in the State. This in turn will continue to bring revenue into the State and counties in the form of general excise tax, transient accommodations tax, and property tax. It also supports the many jobs created by Park’s resorts in the tourism and construction industries. In these uncertain times, we do not believe it is a good time to discourage future investment in the State by eliminating the CGETC.

We thank you for this opportunity to provide testimony in opposition to the provisions repealing the CGETC included in SB 3125 SD 1 and hope you consider removing the repeal of the CGETC from this bill.

Respectfully submitted,

Scott Winer

Scott Winer



Protect Democracy Move Forward

www.indivisiblehawaii.org

info@indivisiblehawaii.org

To: Hawai'i State House Committee on Finance

Re: Testimony in SUPPORT of SB3125 SD1

Dear Chair Todd, Vice Chair Takenouchi, and the Members of Committees,

Members of Indivisible Hawai'i thank you for this opportunity to testify in support of SB3125 SD1 which would save the future income tax cuts made by Act 46, SLH 2024 for households with income less than \$262,500 and adjust the tax cuts for households with income \$262,500 or more. This measure would also increase the applicable percentage of the employment-related expenses for which the child + dependent care tax credit may be claimed; and extend the sunset for amendments by Act 163, SLH 2023.

Act 46 is expected to cost \$296 million in 2027 and \$1.4 billion a year by 2031 which would be about 12% of Hawai'i's total tax revenue.¹ Hawai'i cannot afford it, especially with the rising costs and federal budget cuts.

We request that SB3125 SD1 be amended to use HB2306 HD1 which would pause the tax cuts and increase the tax by 1% for households with income \$325,000 or more. HB2306 HD1 is expected to generate \$588.8M of revenue per year. Hawai'i desperately needs the additional revenue.

The main two arguments from those who oppose tax increases are the negative impact on the economy and that people will move to another state. Studies show that the states with the most progressive tax system are ranked significantly better places to live, work and raise a family.² Taxing capital gains at the same rate as regular income would help Hawai'i state tax system be more progressive. People move for jobs and family and state taxes have a minimum impact on interstate moves.³

¹ <https://www.hitaxfairness.org/act-46>

²

<https://www.staterenuealliance.org/revenews/states-with-the-most-progressive-tax-codes-are-ranked-significantly-better-places-to-live-work-and-raise-a-family>

³

<https://www.cbpp.org/research/state-budget-and-tax/state-taxes-have-a-minimal-impact-on-peoples-interstate-moves>

Please pass this measure with the requested amendment so we can pay for the common goods and give working families much needed child + dependent care tax credits. Thank you for your consideration.

Sincerely,
Younghee Overly
Indivisible Hawai'i Working Families Team

The mission of the 14-chapter Indivisible Hawai'i Statewide Network (IHSN) is to protect Hawai'i and democracy by defending civil rights, communities and values, most importantly, Hawai'i's Constitutionally protected spirit of Aloha. In October 2025, IHSN with other partners turned out over 22,000 residents on all major islands to say No Dictators! and to stand up for democracy. This call-to-action was part of Indivisible national's mobilization of more than 7 million across the country as the voice of the people, committed to election integrity and to evolving as a place of equity, opportunity and peace.



Hawai'i

Committee: Finance
Hearing Date/Time: Tuesday, April 7, 2026, at 2:00pm
Place: Conference Room 308 & Via Videoconference
Re: **Testimony of the ACLU of Hawai'i in SUPPORT of SB3125 SD1 Relating to Income Tax**

Dear Chair Todd, Vice-Chair Takenouchi, and Members of the Committee:

The American Civil Liberties Union of Hawai'i (ACLU-HI) **supports SB3125 SD1** which, among other things, repeals the income tax cuts established by ACT 46 (2024). We are also asking the committee to amend the bill.

Our government, among its many responsibilities, must do more to uplift the most underprivileged and most needy in our community. At a time when the federal government is shrinking from the responsibility in service to the corporate class, our state government must step up, be bold, and do what is necessary to at least attempt to fill that gap.

Funding for programs like SNAP, Medicare, and Medicaid, have been slashed. Programs which so many of our family members, friends, and neighbors rely on just to survive. This bill makes strides in that direction.

What's more, in recent weeks so many of those same community members have been forced to watch their lives and livelihoods get washed away by historic flooding. Damages have been estimated at \$1 billion and with more rain looming this week, that number could easily grow. And while we hope for assistance from the federal government, we know that help is not guaranteed like it once was.

ACT 46 is projected to cost the state \$7.6 billion in lost revenue by 2032. And the biggest of those cuts will be felt by those who have the most. Hawaii has one of the most regressive tax structures in the country and ACT 46 only compounds that regressivity. We can and must do better.

SB3125 SD1 is projected to raise between \$27 and \$52 million while simultaneously maintaining the tax cuts for our middle and lower-income families.

However, this committee heard a far more ambitious and equitable bill in HB2306. We need not only to pause the tax cuts established by ACT 46, but we also need to restore the rates for high-income earners to where they were prior to ACT 46.

HB2306 is estimated to generate more than \$600 million in desperately needed revenue and does it while continuing to provide relief to low and middle-income families. As such, we ask that **SB3125 SD1 be amended to restore the tax rates on those high-income earners.**

We need to do better for the most vulnerable among us. Resorting those high-income tax rates can help us do that. **Please pass SB3125 SD1 with these amendments** and do right by our island communities.

Mahalo for the opportunity to testify.

Mahalo,
Josh Frost
Josh Frost
Policy Assistant
ACLU of Hawai'i
jfrost@acluhawaii.org

With more than 4,000 Hawai'i-based members, the mission of the American Civil Liberties Union of Hawai'i is to protect the fundamental freedoms enshrined in the United States and Hawai'i State Constitutions through legislative, litigation, and public education work. The ACLU of Hawai'i is a non-partisan and private non-profit organization that provides its services at no cost to the public and does not accept government funds. The ACLU of Hawai'i has been serving our communities in Hawai'i for over 60 years.

April 7, 2026, 2 p.m.
Hawaii State Capitol
Conference Room 308 and Videoconference

To: House Committee on Finance
Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair

From: Grassroot Institute of Hawaii
Ted Kefalas, Director of Strategic Campaigns

RE: TESTIMONY WITH COMMENTS ON SB3125 SD1 — RELATING TO INCOME TAX

Aloha Chair, Vice Chair and other Committee Members,

The Grassroot Institute of Hawaii **offers comments** on [SB3125 SD1](#), which would repeal all planned adjustments to individual income tax brackets over \$350,000 for joint filers, over \$262,500 for heads of household and over \$175,000 for single filers starting Jan. 1, 2027.

The bill would also adjust the value of the dependent care services tax credit, change the sunset date of certain increases in the food and low-income household renters tax credits and repeal various other tax credits.

Grassroot would prefer that the income tax cut package the Legislature passed in 2024 not be diminished in any way; however, the SD1 draft of this bill is a compromise that preserves the majority of the tax cuts. If the committee advances this legislation, Grassroot recommends approving it unamended.

Broad-based tax relief is preferable to giving various special interest groups large tax breaks in the form of tax credits, which are often opaque and challenging to claim.

The SD1 version of the bill would maintain adjustments to the tax brackets and the standard deductions that could prove critical to making Hawaii more affordable.

Grocery prices in Hawaii are the highest in the United States,¹ and Hawaii's average rents are the second-highest nationwide.² Additionally, Hawaii's per-kilowatt-hour electricity costs are routinely two to three times the national average.³

The state can and should take action to reduce regulations that increase the price of food, housing and electricity, but Hawaii taxpayers already face the fourth-highest per capita state and local tax burden in the country.⁴ Tax relief is the most direct way the state can provide assistance to Hawaii families of all income levels.

Instead of harming families and businesses, the Legislature should eliminate wasteful or duplicative budget items without eliminating vital services. Grassroot has already publicized a list of ways in which this could be accomplished.⁵

Attached is a document outlining ten specific budget cuts that could be made as an alternative to pausing the planned cuts. I hope this information provides the committee with concrete options to achieve fiscal responsibility without halting these important tax cuts.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

¹ Dorothy Neufeld, "[Mapped: Average Weekly Grocery Bill Cost, by U.S. State](#)," Visual Capitalist, Jan. 14, 2026.

² Jonathan Jones, "[U.S. Cities With the Highest Rent Prices](#)," Construction Coverage, Jan. 31, 2026.

³ "[Table 5.6.A. Average Price of Electricity to Ultimate Customers by End-Use Sector](#)," U.S. Energy Information Administration, data for December 2025 and December 2024.

⁴ Joseph Johns, "[State and Local Tax Collections Per Capita by State, 2025](#)," Tax Foundation, May 13, 2025.

⁵ Jonathan Helton and Joe Kent, "[With lawmaker will, there are ways to implement tax cuts](#)," Honolulu Star-Advertiser, Feb. 26, 2026.

Ten ways to free up resources

How to close the \$246M gap without raising taxes

Revenue from tax cut “pause”

\$246M in FY 2028

Revenue from potential savings

\$1.4B+ in FY 2028

-
- \$500M+** •••••••••• Repurpose all idle special funds
 - \$380M** ••••••••• Remove all vacant state positions
\$190M for low priority positions, \$30M for positions vacant for 4+ years
 - \$120M** ••••••••• Return state budget to 2019 level
Set budget equal to 2019 dollars, adjusted for inflation
 - \$115M+** •••• Disband special funds flagged by auditor
 - \$89M** •••••••••• Impose a 14% budget restriction
Governor directs departments to restrict spending, currently set at 10%
 - \$81M** •••••••••• Sell the Hawaii Convention Center
\$81M total, \$21M in special funds, \$60M in unsold GO bonds
 - \$66M** •••••••• Defund the Hawaii Tourism Authority
 - \$49.5M** ••• Withdraw DBEDT funds for Aloha Stadium
 - \$11M** •••••••• Defer technology systems upgrades
FAMIS, State Archive RFID chips
 - \$10M** ••• Revert budget of DHRD to pre-2023 spike

\$1.4B+ Potential savings



Hawaii Solar Energy Association
Serving Hawaii Since 1977

**Testimony of the Hawaii Solar Energy Association (HSEA) Regarding SB3125 SD1, Relating to
Income Tax, Before the House Committee on Finance**

Tuesday, April 7, 2026

Dera Chair Todd, Vice Chair Takenouchi, and Committee Members,

The Hawaii Solar Energy Association (HSEA) respectfully **opposes** the repeal of Hawaii’s Renewable Energy Technologies Income Tax Credit (RETITC) contained in **Part II of SB3125 SD1**, which would repeal **HRS §235-12.5 beginning January 1, 2029**.

The RETITC has been one of the State’s most effective policies enabling households and businesses to invest in rooftop solar and energy storage – technologies that reduce electricity bills, protect customers from fuel price volatility, and improve resilience during grid outages.

Eliminating the credit would increase the upfront cost of these systems and reduce participation in the market. In practical terms, fewer residents would be able to adopt solar and storage, leaving more households dependent on imported fossil fuels that drive Hawaii’s high electricity prices.

The repeal would also come at a time when federal clean energy incentives are being eliminated or reduced, increasing the importance of stable state policy to maintain investment and access to clean energy technologies.

More broadly, repeal would undermine the State’s policy goals of **improving energy affordability, strengthening energy security, and supporting local economic development**.

Investments in distributed solar and storage bring private capital into Hawaii, support thousands of local jobs, and reduce reliance on imported energy resources.

Finally, the repeal is included in a bill otherwise focused on income tax bracket changes and other tax policy matters rather than a focused discussion about Hawaii’s energy policy and the role distributed energy resources play in lowering costs and improving resilience.

For these reasons, HSEA respectfully urges the Committee to **remove the repeal of HRS §235-12.5 (RETITC)** from SB3125 SD1.

Mahalo for the opportunity to testify.

Rocky Mould, Executive Director

SB-3125-SD-1

Submitted on: 4/2/2026 8:27:32 PM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Tim Huycke	Individual	Support	Written Testimony Only

Comments:

I support SB3125.

SB-3125-SD-1

Submitted on: 4/2/2026 9:36:17 PM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Michael A. Cobb Jr	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill. We need to keep our tax breaks.

SB-3125-SD-1

Submitted on: 4/3/2026 8:52:43 AM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lily Troy MD	Individual	Support	Written Testimony Only

Comments:

I support SB3125 Stop Tax breaks for ultra wealthy! Keep helping Average Citizens to be able to stay on maui

By targeting the parts of Act 46 that give outsized benefits to the wealthy—while keeping the tax breaks for lower-income people—Hawai‘i can make Act 46 fairer and regain lost revenue.

SB-3125-SD-1

Submitted on: 4/3/2026 11:11:57 AM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
William Caron	Individual	Support	Written Testimony Only

Comments:

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

I am writing in **strong support** of SB3125. Hawai‘i stands at a crossroads, facing the convergence of severe federal funding cuts and the ongoing revenue loss from Act 46. This bill represents the sober, wise decision this moment demands: it protects our most vulnerable families and the essential services our communities depend on, without sacrificing fiscal responsibility.

First, SB3125 responsibly addresses our unprecedented budget shortfall. The 2025 federal budget bill (H.R. 1) is poised to rip hundreds of millions of dollars from Hawai‘i’s economy, directly targeting lifelines like Medicaid and SNAP—programs that over 400,000 of our neighbors rely upon for survival. At the same time, the future scheduled phases of Act 46 would eventually drain over \$1 billion annually from state revenues, with the bulk of the benefit flowing to the highest earners.

We have lived this story before. During the Great Recession, state revenue shortfalls led to deep, lasting cuts to education and social services, the scars of which we still bear today in overcrowded classrooms and an exacerbated homelessness crisis. We cannot afford a repeat.

We cannot cut services, and we should not pass this burden to future generations through more borrowing. Repealing the future scheduled cuts to the standard deduction and income tax brackets prevents our tax system from becoming even more regressive. It allows us to preserve roughly \$1.8 billion in general fund revenues, ensuring we can maintain the public systems—education, health, safety, and environment—that every family and business relies upon.

Second, and critically, SB3125 directs a portion of this retained revenue toward strengthening the Child and Dependent Care Tax Credit, providing targeted relief to some of those most impacted by rising costs. The average cost of full-time child care in Hawai‘i exceeds \$13,000 per year, yet our tax credit has not kept pace.

This bill increases the applicable percentage of employment-related expenses that may be claimed, structuring it to deliver meaningful relief to working parents. By setting the applicable percentage at 50% for adjusted gross income up to \$150,000, decreasing by one percentage point for each additional \$3,000 of income with a floor of 15%, this bill targets help to those who need

it most. For many families, this can drastically reduce childcare expenses and make Hawai'i a more affordable place to live.

Furthermore, the bill provides necessary administrative clarity by defining "adjusted gross income" according to the Internal Revenue Code and establishing a disallowance period for fraudulent claims, ensuring the credit's integrity.

Extending the sunset for the related child and dependent care, earned income, and food/excise tax credits guarantees that this relief continues uninterrupted.

Crucially, Gov. Green's proposal, as embodied in SB3125, does not undo the historic tax relief families are already receiving under Act 46. It preserves that relief while pausing additional, future scheduled cuts.

This is not an abstract debate about tax policy. It is a decision about how we pay for the shared foundations of opportunity. The federal landscape has changed drastically, and our fiscal plan must adapt with courage and clarity. We cannot balance our budget on the backs of working families, and we cannot continue to cut income taxes while federal funds disappear.

For these reasons—because it responsibly addresses our budget crisis and strengthens the safety net for working families—I urge you to pass SB3125.

Mahalo for the opportunity to testify.

SB-3125-SD-1

Submitted on: 4/3/2026 11:17:49 AM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Gail Morrison	Individual	Support	Written Testimony Only

Comments:

I support fairer and more sustainable income tax cuts to help families. I support the changes that could save the state hundreds of millions of dollars every year—money that could help soften the impact of expected federal funding cuts.

Mahalo, Gail Morrison

SB-3125-SD-1

Submitted on: 4/3/2026 12:28:22 PM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jesse Hutchison	Individual	Support	Written Testimony Only

Comments:

I'm writing in strong support. Thank you!

SB-3125-SD-1

Submitted on: 4/3/2026 2:09:15 PM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Brodie Lockard	Individual	Support	Written Testimony Only

Comments:

I support this bill.

SB-3125-SD-1

Submitted on: 4/3/2026 4:41:51 PM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kehaulani Coleman	Individual	Support	Written Testimony Only

Comments:

Thank you

SB-3125-SD-1

Submitted on: 4/3/2026 4:49:16 PM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
john savino	Individual	Support	Written Testimony Only

Comments:

By targeting the parts of Act 46 that give outsized benefits to the wealthy—while keeping the tax breaks for lower-income people—Hawai‘i can make Act 46 fairer and regain lost revenue.

SB-3125-SD-1

Submitted on: 4/4/2026 2:49:18 PM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Eileen Cain	Individual	Support	Written Testimony Only

Comments:

Aloha, Representatives,

Please vote for SB3125 SD1. The State of Hawai'i literally cannot afford to give tax cuts to the wealthy. Taxes should be levied according to income level.

Mahalo,

Eileen Cain, Honolulu

SB-3125-SD-1

Submitted on: 4/5/2026 5:41:53 AM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Michelle Bonk	Individual	Support	Written Testimony Only

Comments:

Please pass this bill and keep our tax law from becoming even more unfair and burdensome to lower income earners than high income earners.

SB-3125-SD-1

Submitted on: 4/5/2026 8:59:18 AM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jane Aquino	Individual	Support	Written Testimony Only

Comments:

I strongly support this bill. All people should share the tax burden and to have the upper 1% use loop holes and manuevers to avoid paying their fair share is unjust.

Thanks, for letting me testify. Jane Aquino, Indivisible Hawaii

COMMITTEE ON FINANCE
Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair

HEARING: Tuesday, April 7, 2026 at 2:00 pm, Via Videoconference and Conference Room 308

TESTIMONY IN SUPPORT OF SB 3125, SD1 - RELATING TO INCOME TAX.

Aloha Chair Todd, Vice Chair Takenouchi, Rep. Miyake for my Maui district, Rep. Yamashita of Maui, and Members of the Committee,

My name is Christine Andrews and I am a long-term resident of Wailuku, Maui and an attorney licensed in Hawai'i for over 25 years. I write to you today in **strong support of SB 3125, SD1, Relating to Income Tax**, which at PART I: Repeals certain future adjustments to income tax brackets; changes income tax rates; amends the child and dependent care tax credit by: (1) Changing the applicable percentage of the employment-related expenses for which the credit may be claimed to an unspecified percentage; (2) Providing for a disallowance period when there is a final administrative or judicial decision finding that the claim was due to fraud or disallowing the credit; and (3) Defining "adjusted gross income"; and extends the repeal date for amendments made by Act 163, SLH 2023 to the child and dependent care tax credit, earned income tax credit, and food/excise tax credit to an unspecified date; and, at PART II: Beginning 1/1/2029, repeals the following tax credits: Renewable Energy Technologies Income Tax Credit, Capital Goods Excise Tax Credit, High Technology Business Investment Tax Credit, Renewable Fuels Production Tax Credit, Technology Infrastructure Renovation Tax Credit, Ship Repair Industry Tax Credit, and Tax Credit for Research Activities.

According to Hawaii Tax Fairness, SB 3125, SD1 in its original form would change the income tax cuts made under Act 46 so that they are more sustainable. It would stop the tax brackets from moving each year and instead adjust them for inflation, while keeping the larger standard deduction that helps most families. These changes could save the state hundreds of millions of dollars every year—money that could help soften the impact of expected federal funding cuts.

Right now, Act 46 gives much bigger tax breaks to wealthy taxpayers than to everyone else. By 2031, the richest 1% will get average cuts of over \$12,000 a year, while the lowest-income families will see only about \$469. The law is expected to cost \$240 million in 2025 and more than \$1.4 billion a year by 2031, which would be about 12% of Hawai'i's total tax revenue. Because income taxes make up about a third of the state's budget, losing that much money could mean cuts to important programs and services.

At minimum, legislators should freeze the implementation of Act 46, which will keep the income brackets at their current amounts, while allowing the standard deductions to increase. This could save at least \$296 million in Tax Year 2027—and it would also stop the cost from ballooning to \$1.4 billion a year by 2032. The proposal keeps one major benefit: a higher standard deduction that rises from \$2,200 to \$12,000 for single filers and from \$4,400 to \$24,000 for couples by 2031.

I support scaling back some of the tax cuts for high-income earners and raising taxes through other means. Act 46 can be made more progressive by increasing the income tax rates for the top 5 brackets. For a single filer, this would affect people earning over \$175,000. By targeting the parts of Act 46 that give outsized benefits to the wealthy—while keeping the tax breaks for lower-income people—Hawai'i can make Act 46 fairer and regain lost revenue. I respectfully request your **support of SB 3125, SD1** and progressive tax reform.

Mahalo for helping create a more equitable and fiscally responsible tax system,

Christine Andrews, JD

SB-3125-SD-1

Submitted on: 4/6/2026 7:48:53 AM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Joie Yonamine	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee,

I am writing in strong support of SB2125 SD1 both personally and as a member of the Indivisible Hawaii Statewide Network (IHSN). This bill would amend Section 302A-804 of the HRS concerning the hiring of unlicensed individuals as teachers on an emergency basis. This bill would remove a three year limit on the emergency hires and extend the maximum time to five years during which the person is making progress toward obtaining a teaching certificate. This would harmonize the J-1 visa timelines with the emergency teacher timeline.

Foreign teachers are an important part of the response to our extreme teacher shortage. Several hundred positions are presently filled with noncitizens who are here with J-1 visa status. Extending the maximum time these persons can provide education to our K-12 keiki while they are meeting the requirements for a teaching certificate is good planning.

I urge you to pass SB2125 SD1

Thank you for the opportunity to testify on this important matter.

Joie Yonamine

SB-3125-SD-1

Submitted on: 4/6/2026 8:54:11 AM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
James E Raymond	Individual	Support	Written Testimony Only

Comments:

Thank you. I am a member of Indivisible Windward.

SB-3125-SD-1

Submitted on: 4/6/2026 11:48:01 AM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Anne Leake	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Todd and Members of the Committee:

My name is Anne Leake, and I am writing in strong support of SB 3125. Hawai'i stands at a crossroads. Facing hundreds of millions in federal funding cuts and the ongoing revenue loss from Act 46, we must make difficult choices to protect the programs our communities depend on. SB3125 says that Hawai'i will not sacrifice the health and stability of its people during a crisis.

I am a retired nurse practitioner and practiced for over 30 years in federally funded community health centers in Hawaii and also with the Hawai'i Homeless Health Care hui. When SNAP benefits are cut, my patients suffered. Losing Medicaid or subsidies for Obama care results in people just not seeking care, even at safety net sites where low-cost care can still be unaffordable because of high rents and high food costs.

First, SB3125 responsibly addresses our budget shortfall. Due to the 2025 federal budget bill (H.R. 1), Hawai'i is losing hundreds of millions in federal funding for Medicaid and SNAP—programs that are a matter of survival for thousands of local residents. At the same time, Act 46 will eventually drain over \$1 billion annually from state revenues, with the top 1% of earners receiving an average tax break of \$12,802 per year once fully implemented.

We cannot cut services, and we should not pass this burden to future generations through more borrowing. SB 3125 could raise over \$27 million by raising taxes on the top earners, while keeping the tax benefits that Act 46 already provides to low- and middle-income households.

Second, SB3125 strengthens the Child and Dependent Care Tax Credit. The average cost of full-time child care in Hawai'i exceeds \$13,000 per year, yet our tax credit has not kept pace. By increasing the applicable percentage of employment-related expenses that may be claimed, this bill delivers meaningful relief to working parents. The "applicable percentage" is set at 50% for adjusted gross income up to \$80,000, decreasing by five percentage points for each additional \$10,000 of income—allowing for incomes of up to \$160,000 to claim the credit. This structure targets help to those who need it most.

We cannot balance our budget on the backs of working families. SB3125 recognizes that preserving our capacity to care for our community is the highest priority. For these reasons, I urge you to pass this measure.

Mahalo for the opportunity to testify.

SB-3125-SD-1

Submitted on: 4/6/2026 11:52:48 AM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Amber Kanehailua	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Todd and Members of the Committee:

My name is Amber Kanehailua, and I am writing in strong support of SB 3125. Hawai‘i stands at a crossroads. Facing hundreds of millions in federal funding cuts and the ongoing revenue loss from Act 46, we must make difficult choices to protect the programs our communities depend on. SB3125 says that Hawai‘i will not sacrifice the health and stability of its people during a crisis.

My family and I have been fortunate and grateful to have been able to stay "home" here in Hawaii BECAUSE of programs like Medicaid and SNAP benefits. I personally don't believe my family would have been able to survive the high cost of living here without these essential services especially in a time like now when so much important funding and programs are being cut by the federal government and this current President's administration.

First, SB3125 responsibly addresses our budget shortfall. Due to the 2025 federal budget bill (H.R. 1), Hawai‘i is losing hundreds of millions in federal funding for Medicaid and SNAP—programs that are a matter of survival for thousands of local residents. At the same time, Act 46 will eventually drain over \$1 billion annually from state revenues, with the top 1% of earners receiving an average tax break of \$12,802 per year once fully implemented.

We cannot cut services, and we should not pass this burden to future generations through more borrowing. SB 3125 could raise over \$27 million by raising taxes on the top earners, while keeping the tax benefits that Act 46 already provides to low- and middle-income households.

Second, SB3125 strengthens the Child and Dependent Care Tax Credit. The average cost of full-time child care in Hawai‘i exceeds \$13,000 per year, yet our tax credit has not kept pace. By increasing the applicable percentage of employment-related expenses that may be claimed, this bill delivers meaningful relief to working parents. The "applicable percentage" is set at 50% for adjusted gross income up to \$80,000, decreasing by five percentage points for each additional

\$10,000 of income—allowing for incomes of up to \$160,000 to claim the credit. This structure targets help to those who need it most.

We cannot balance our budget on the backs of working families. SB3125 recognizes that preserving our capacity to care for our community is the highest priority. For these reasons, I urge you to pass this measure.

Mahalo for the opportunity to testify.

SB-3125-SD-1

Submitted on: 4/6/2026 12:08:01 PM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Nanea Lo	Individual	Support	Written Testimony Only

Comments:

Hello Chair Todd and Members of the Committee,

My name is Nanea Lo, and I am writing in strong support of SB 3125.

Hawai‘i stands at a crossroads. With rising costs of living, many people in my community are already struggling to afford basic necessities like housing, food, and childcare. I see firsthand how working families are stretched thin, making difficult choices just to get by. This is why it is so important that we protect the programs and services that our communities depend on, especially during times of economic uncertainty.

First, SB3125 responsibly addresses our budget shortfall. Due to federal funding cuts to essential programs like Medicaid and SNAP, Hawai‘i stands to lose hundreds of millions of dollars that directly support some of our most vulnerable residents. At the same time, Act 46 will significantly reduce state revenues over time, with the largest benefits going to the highest earners. We cannot afford to make up this gap by cutting services or pushing the burden onto working families. This bill takes a more balanced approach by asking those with the greatest means to contribute more, while preserving critical support systems.

Second, SB3125 strengthens the Child and Dependent Care Tax Credit in a meaningful way. The cost of childcare in Hawai‘i is extremely high—often exceeding \$13,000 per year—placing a heavy burden on working parents. By increasing the percentage of eligible expenses that families can claim, this bill provides real relief. It is thoughtfully structured to ensure that low- and middle-income households receive the greatest benefit, helping families stay in the workforce and better support their children.

At its core, SB3125 is about fairness, stability, and prioritizing the well-being of our communities. We should not balance our budget on the backs of those already struggling. Instead, we should invest in policies that strengthen families, protect essential services, and build a more resilient Hawai‘i.

For these reasons, I respectfully urge you to pass SB 3125.

Me ke aloha ‘āina,
Nanea Lo, 96826
Sierra Club of Hawai‘i Member

Hawai'i Workers Center Board Member
Clean Elections Hawai'i Member
Honolulu Tenants Union Member
350 Hawai'i Member
Carbon Cashback Hawai'i Member
Hawai'i Tax Fairness Coalition Member

SB-3125-SD-1

Submitted on: 4/6/2026 4:30:45 PM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Greg and Pat Farstrup	Individual	Support	Written Testimony Only

Comments:

Kū i ka pono!

SB-3125-SD-1

Submitted on: 4/7/2026 7:49:13 AM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jessica Kuzmier	Individual	Support	Written Testimony Only

Comments:

Aloha, I am testifying in support of SB3125. I believe that using our tax code to protect the programs our community relies on as a social safety net and protecting the lowest income earners is ethical and humane. Mahalo for your consideration.

SB-3125-SD-1

Submitted on: 4/7/2026 9:54:03 AM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Regina Gregory	Individual	Support	Written Testimony Only

Comments:

support