

STAND. COM. REP. NO.

337

Honolulu, Hawaii

FEB 11 , 2025

RE: H.B. No. 796
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Economic Development & Technology, to which
was referred H.B. No. 796 entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

begs leave to report as follows:

The purpose of this measure is to require income tax credits
established or renewed after December 31, 2025, to include a five-
year sunset or a gradual reduction over a three-year period,
beginning with the sixth year of the credit.

Your Committee received testimony in opposition to this
measure from HCANSpeaks!; SAG-AFTRA; Catholic Charities Hawai'i;
Democratic Party of Hawai'i Labor Caucus; IATSE Local 665;
Democratic Party of Hawai'i Education Caucus; and six individuals.
Your Committee received comments on this measure from the
Department of Taxation; Department of Business, Economic
Development, and Tourism; and Tax Foundation of Hawaii.

Your Committee finds that the State must establish a more
fiscally responsible phase-out process for tax credits to ensure
the States's long-term economic well-being. This measure
addresses this need by requiring income tax credits established or
renewed after December 31, 2025, to include a five-year sunset or
a gradual reduction over a three-year period, beginning with the
sixth year of the credit.


2025-1686 HB796 HD1 HSCR HMSO



Your Committee has amended this measure by changing the effective date to July 1, 3000, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Economic Development & Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 796, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 796, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Technology,


GREGGOR ILAGAN, Chair



Jtscr 337

Bill/Resolution No.: HB 796	Committee Referral: ECD, FIN	Date: 2/7/2025		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
ECD Members	Ayes	Ayes (WR)	Nays	Excused
1. ILAGAN, Greggor (C)	<input checked="" type="checkbox"/>			
2. HUSSEY, Ikaika (VC)		<input checked="" type="checkbox"/>		
3. HOLT, Daniel	<input checked="" type="checkbox"/>			
4. TAM, Adrian K.		<input checked="" type="checkbox"/>		
5. TEMPLO, Shirley Ann	<input checked="" type="checkbox"/>			
6. TODD, Chris	<input checked="" type="checkbox"/>			
7. MATSUMOTO, Lauren		<input checked="" type="checkbox"/>		
TOTAL (7)	4	3	-	-
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: _____				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				