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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.

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[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]

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[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.

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[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,



Nate Hix
Director of Policy and Advocacy

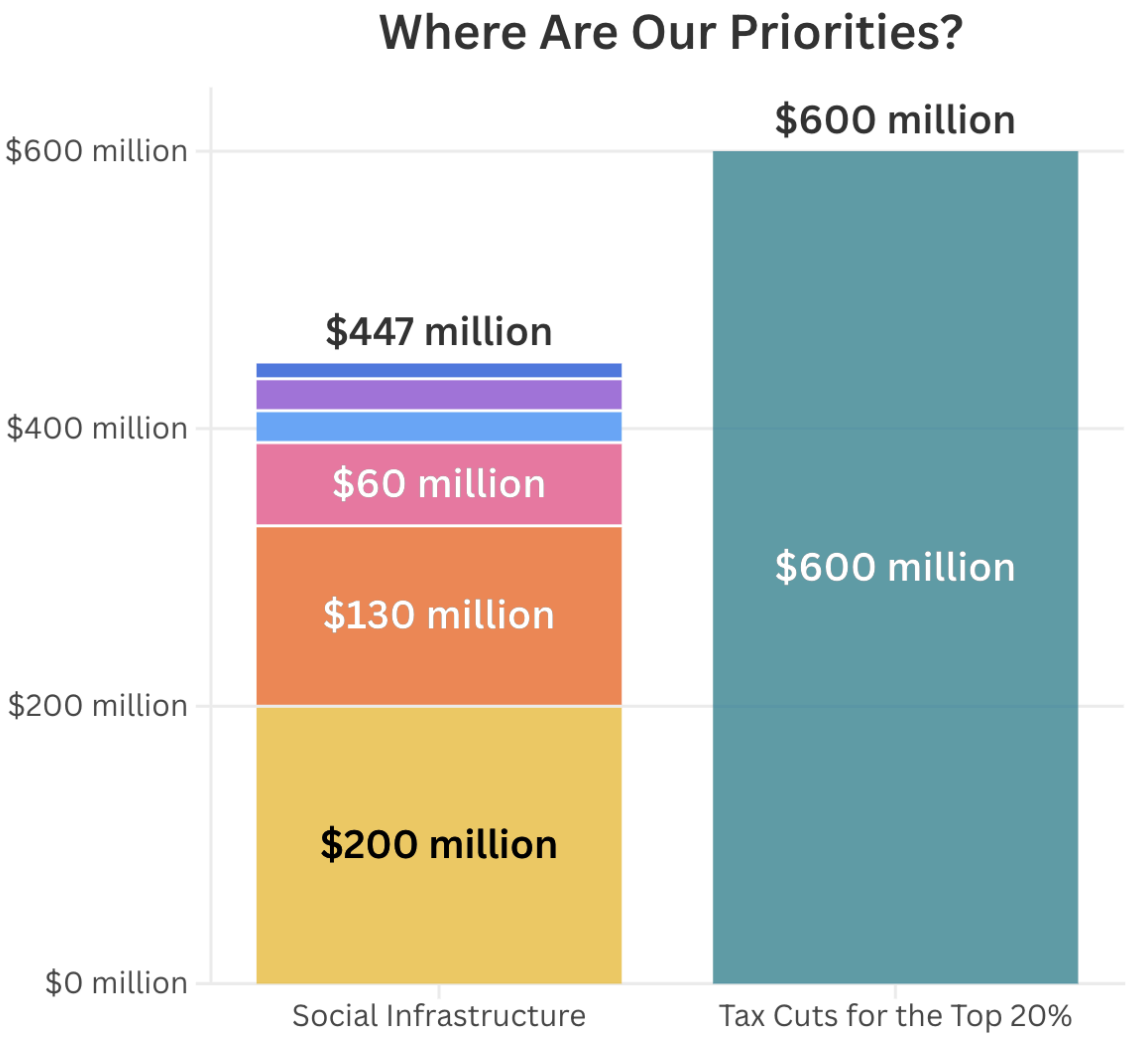
[18] Hawai'i Who Pays? 7th Edition. Institute on Taxation and Economic Policy.

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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

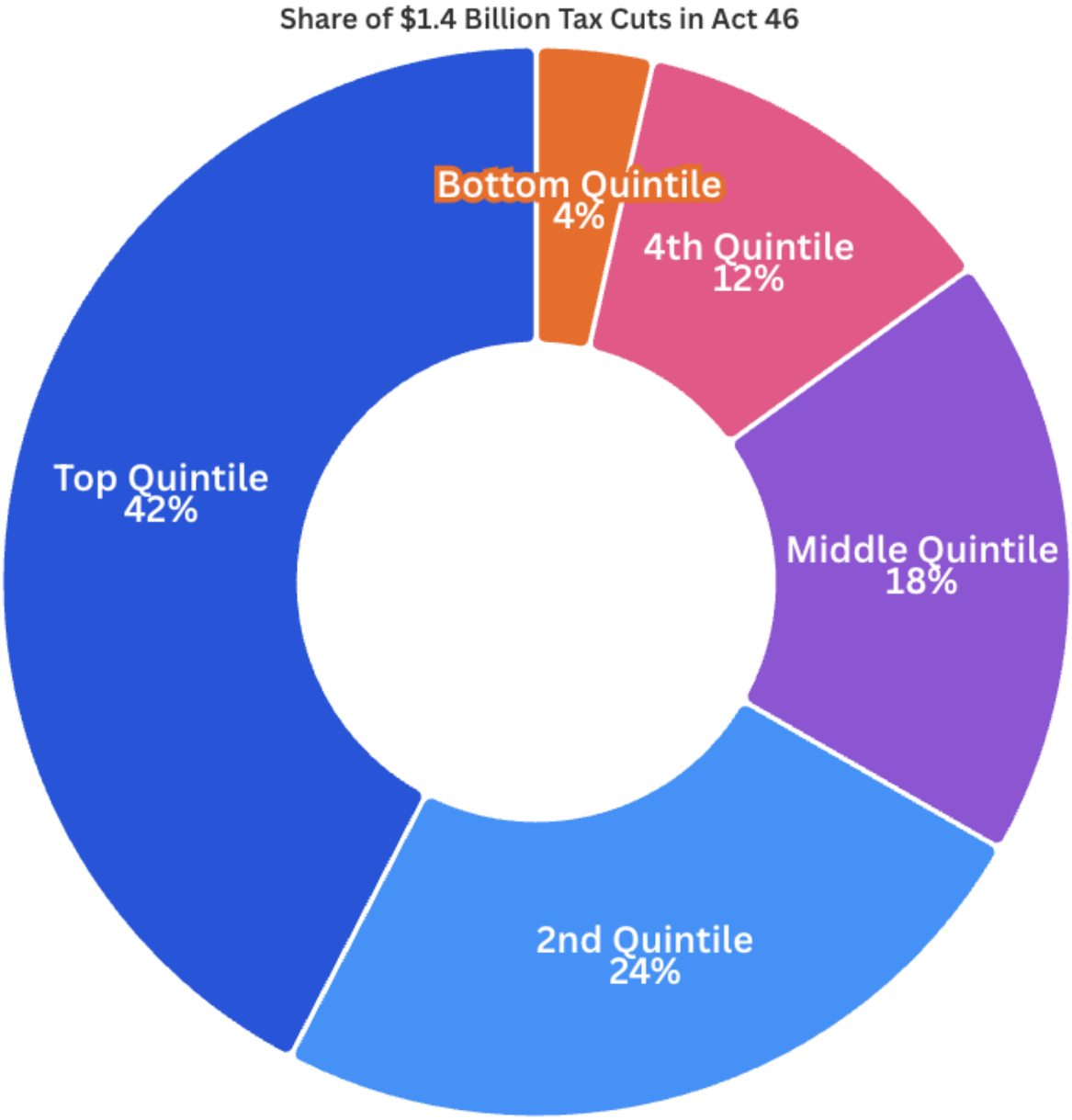


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Chart 2:

Highest Income Earners Receive Overwhelming Share of Act 46 Benefits

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



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Chart 3:

