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To: The Honorable Karl Rhoads, Chair;
The Honorable Jarrett Keohokalole, Vice Chair;
and Members of the Senate Committee on Judiciary

From: Isaac W. Choy, Director
Department of Taxation

Date: February 4, 2021
Time: 09:15 A.M.
Place: Via Video Conference, State Capitol

Re: S.B. 662, Relating to Tax Credits

The Department of Taxation (Department) offers the following comments regarding S.B. 662. This measure requires that any new income tax credit either include a five-year sunset of the credit or a reduction of the credit after the fifth year so that the Legislature can review the necessity and advisability of continuing the tax credit. The measure is effective on July 1, 2021.

While it appears that the intent of this measure is to apply only to credits established after January 1, 2022, the Department notes that it could also be read to include already existing credits. To avoid any conflict, the Department recommends that the first part of the new section be amended to read as follows:

§235- Tax credits; generally. Any income tax credit established under this chapter after December 31, 2021 shall include either:

Thank you for the opportunity to provide comments.