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# A BILL FOR AN ACT

RELATING TO TAXATION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The purpose of this Act is to eliminate the  
2 home mortgage interest deduction for second homes under Hawaii  
3 income tax law.

4           SECTION 2. Section 235-2.4, Hawaii Revised Statutes, is  
5 amended by amending subsection (j) to read as follows:

6           "(j) Section 163 (with respect to interest) of the  
7 Internal Revenue Code shall be operative for the purposes of  
8 this chapter, except that the following provisions shall not be  
9 operative for the purposes of this chapter:

10           (1) Section 163(d)(4)(B) (defining net investment income  
11 to exclude dividends);

12           (2) Section 163(e)(5)(F) (suspension of applicable high-  
13 yield discount obligation (AHYDO) rules);

14           (3) Section 163(h)(3)(F) (limiting mortgage interest);  
15           [and]

16           (4) Section 163(h)(4)(A)(i)(II) (definition of qualified  
17 residence for home mortgage interest deduction);



1        (5) Section 163(h)(4)(A)(ii)(II) (treatment of home  
2        mortgage interest deduction for married individuals  
3        filing separately); and

4        [~~4~~] (6) Section 163(i)(1) as it applies to debt  
5        instruments issued after January 1, 2010 (defining  
6        AHYDO)."

7        SECTION 3. The department of budget and finance, in  
8        consultation with the department of taxation, shall submit a  
9        report on the administration of this Act to the legislature no  
10       later than twenty days prior to the convening of the regular  
11       sessions of 2024, 2025, 2026, 2027, and 2028.

12       SECTION 4. Statutory material to be repealed is bracketed  
13       and stricken. New statutory material is underscored.

14       SECTION 5. This Act shall take effect on June 30, 3000;  
15       provided that on July 1, 2028, this Act shall be repealed and  
16       section 235-2.4(j), Hawaii Revised Statutes, shall be reenacted  
17       in the form in which it read on the day prior to the effective  
18       date of this Act.

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# H.B. NO. 886 H.D. 1

**Report Title:**

Home Mortgage Interest Deduction; Income Tax

**Description:**

Eliminates the home mortgage interest deduction for second homes under Hawaii income tax law. Sunsets on 7/1/2028. Effective 6/30/3000. (HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

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