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# A BILL FOR AN ACT

RELATING TO TAX CREDITS.

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

SECTION 1. The purpose of this Act 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.

SECTION 2. Chapter 235, Hawaii Revised Statutes, is amended by adding a new section to part I to be appropriately designated and to read as follows:

"§235- Tax credits; generally. Any income tax credit established or renewed under this chapter after December 31, 2025, shall include either:

(1) A five-year sunset date; or

(2) Beginning with the sixth year of the credit, an annual one-third reduction in the credit amount allowed to be claimed, over a three-year period."

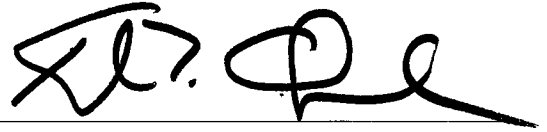
SECTION 3. New statutory material is underscored.

SECTION 4. This Act shall take effect on July 1, 2025.



H.B. NO. 786

INTRODUCED BY:

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JAN 17 2025



# H.B. NO. 796

**Report Title:**

Income Tax Credits; Sunset; Annual Reduction

**Description:**

Requires that income tax credits established or renewed after 12/31/2025 include a five-year sunset or an annual one-third reduction, beginning with the sixth year of the credit.

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