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# A BILL FOR AN ACT

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RELATING TO TAX CREDITS.

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

1       SECTION 1. The purpose of this Act is to require income  
2 tax credits existing on December 31, 2025, or established or  
3 renewed after December 31, 2025, to include a five-year sunset  
4 or a gradual reduction over a three-year period, beginning with  
5 the sixth year of the credit.

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

9       "§235-       Tax credits; generally. Any income tax credit  
10 either existing under this chapter on December 31, 2025, or  
11 established or renewed under this chapter after December 31,  
12 2025, shall include either:

13       (1) A five-year sunset date; or  
14       (2) Beginning with the sixth year of the credit, an annual  
15       one-third reduction in the credit amount allowed to be  
16       claimed, over a three-year period;



1 provided that this section shall not apply to section 235-15 or  
2 income tax credits codified under part III of this chapter."

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect upon its approval.



**Report Title:**

Income Tax Credits; Sunset; Annual Reduction

**Description:**

Requires that income tax credits existing on 12/31/2025 or established or renewed after 12/31/2025 include a 5-year sunset or an annual one-third reduction, beginning with the 6th year of the credit. (CD1)

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