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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 established or renewed after December 31, 2025, to  
3 include a five-year sunset or a gradual reduction over a  
4 three-year period, beginning with the sixth year of the credit.

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

8       "§235-       Tax credits; generally. Any income tax credit  
9 either existing under this chapter on December 31, 2025, or  
10 established or renewed under this chapter after December 31,  
11 2025, shall include either:

12       (1) A five-year sunset date; or

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

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



- 1 SECTION 3. New statutory material is underscored.
- 2 SECTION 4. This Act shall take effect on July 1, 3000, and
- 3 shall apply to taxable years beginning after December 31, 2025.



**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. Effective 7/1/3000. (SD1)

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