A BILL FOR AN ACT

RELATING TO TAXATION.

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

SECTION 1. The purpose of this Act is to require that new income tax credits include a five-year sunset or a gradual reduction that will force the legislature to review the necessity and advisability of continuing the tax 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. Beginning January 1, 2020, any income tax credit established under this chapter shall include either:

(1) A five-year sunset date; or

(2) Beginning with the sixth year of the credit, a one-third annual reduction in the credit amount allowed to be claimed, over a three-year period, which shall trigger legislative review and determination of whether an extension is advisable or necessary."

SECTION 3. New statutory material is underscored.
SECTION 4. This Act shall take effect on July 1, 2019.

INTRODUCED BY: [Signature]

JAN 2 2 2019
Report Title:
Income Tax Credits; Sunset

Description:
Requires that new income tax credits include a five-year sunset or a gradual reduction.

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