
A BILL FOR AN ACT

RELATING TO THE GENERAL FUND.

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

1 SECTION 1. The legislature finds that article VII,
2 section 6, of the Hawaii State Constitution requires the
3 legislature to dispose of excess general fund revenues when
4 certain factors are met, as follows:

- 5 " (1) Provide for a tax refund or tax credit to the
6 taxpayers of the State, as provided by law;
- 7 (2) Make a deposit into one or more funds, as provided by
8 law, which shall serve as temporary supplemental
9 sources of funding for the State in times of an
10 emergency, economic downturn, or unforeseen reduction
11 in revenue, as provided by law; or
- 12 (3) Appropriate general funds for the pre-payment of
13 either or both of the following, as provided by law:
- 14 (A) Debt service for general obligation bonds issued
15 by the State; or
- 16 (B) Pension or other post-employment benefit
17 liabilities accrued for state employees."



1 The legislature further finds that the necessary factors
2 have been met for two successive fiscal years and that the
3 legislature is constitutionally required to dispose of excess
4 tax revenues, as authorized under article VII, section 6, of the
5 Hawaii State Constitution.

6 Accordingly, the purpose of this Act is to implement
7 article VII, section 6, of the Hawaii State Constitution, by:

8 (1) Providing for an income tax refund to every resident
9 individual taxpayer of the State, as follows:

10 (A) \$300 for individuals earning less than \$100,000
11 and couples earning less than \$200,000; or

12 (B) \$100 for individuals earning \$100,000 or more and
13 couples earning \$200,000 or more,

14 multiplied by the number of the taxpayer's qualified
15 exemptions, to satisfy constitutionally mandated
16 requirements;

17 (2) Making a deposit of \$500,000,000 into the emergency
18 and budget reserve fund established under section
19 328L-3, Hawaii Revised Statutes; and



1 (3) Making a deposit of \$300,000,000 into the pension
2 accumulation fund established under section 88-114,
3 Hawaii Revised Statutes.

4 SECTION 2. In accordance with article VII, section 9, of
5 the Hawaii State Constitution, and sections 37-91 and 37-93,
6 Hawaii Revised Statutes, the legislature has determined that the
7 appropriations contained in this Act will cause the state
8 general fund expenditures for fiscal year 2022-2023 to exceed
9 the general fund expenditure ceiling by \$800,000,000, or 7.9 per
10 cent. The general fund expenditure ceiling will be exceeded for
11 the following reasons:

12 (1) The appropriations made in this Act are necessary to
13 serve the public interest; and

14 (2) The appropriations made in this Act meet the needs
15 addressed by this Act.

16 SECTION 3. (a) There shall be allowed to each qualifying
17 resident taxpayer who files an individual income tax return for
18 the 2021 taxable year, a one-time general income tax refund.
19 The refund provided under this Act shall not be used to offset
20 any tax liability under title 14, Hawaii Revised Statutes, of
21 the qualifying resident taxpayer.



1 The amount of the refund shall be determined in accordance
2 with the table below; provided that a married couple filing
3 separate tax returns for the 2021 taxable year, for which a
4 joint return could have been filed, shall only be eligible for
5 the refund that they would have been eligible for had a joint
6 return been filed; provided further that, for the purposes of
7 the refund, multiple refunds shall not be allowed based on age
8 or deficiencies in vision, hearing, or other disability.

| 9 | Federal adjusted gross income | Refund per exemption |
|----|-------------------------------|----------------------|
| 10 | for taxpayers filing a single | |
| 11 | return, married individuals | |
| 12 | filing separate returns, or | |
| 13 | head, of household | |
| 14 | Under \$100,000 | \$300 |
| 15 | \$100,000 and over | \$100 |



| | | |
|---|-------------------------------|----------------------|
| 1 | Federal adjusted gross income | Refund per exemption |
| 2 | for married couples filing | |
| 3 | joint returns and surviving | |
| 4 | spouses | |
| 5 | Under \$200,000 | \$300 |
| 6 | \$200,000 and over | \$100 |

7 Each qualifying resident taxpayer may claim the general income
8 tax refund multiplied by the number of qualified exemptions to
9 which the taxpayer is entitled.

10 (b) As used in this Act, "qualifying resident taxpayer"
11 means an individual taxpayer who has been a resident of the
12 State, as defined in section 235-1, Hawaii Revised Statutes, for
13 at least nine months regardless of whether the qualifying
14 resident was physically in the State for nine months.

15 "Qualifying resident taxpayer" shall not include any person who
16 is claimed or is otherwise eligible to be claimed as a dependent
17 by another taxpayer for federal or Hawaii state individual
18 income tax purposes.

19 (c) The refund shall not be available for:



1 (1) Any person who has been convicted of a felony and who
2 has been committed to prison and has been physically
3 confined for the full taxable year;

4 (2) Any person who would otherwise be eligible to be
5 claimed as a dependent but who has been committed to a
6 youth correctional facility and has resided at the
7 facility for the full taxable year; or

8 (3) Any misdemeanor who has been committed to jail and
9 has been physically confined for the full taxable
10 year.

11 (d) The refund shall only be allowed for qualifying
12 resident taxpayers who file a state income tax return for the
13 2021 taxable year on or before December 31, 2022. Failure to
14 comply with this filing requirement shall constitute a waiver of
15 the right to claim the refund provided under this Act.

16 (e) This Act implements the provisions of article VII,
17 section 6, of the Hawaii State Constitution.

18 SECTION 4. In accordance with article VII, section 6, of
19 the Hawaii State Constitution, there is appropriated out of the
20 general revenues of the State of Hawaii the sum of \$300,000,000
21 or so much thereof as may be necessary for fiscal year 2022-2023



1 for deposit into the pension accumulation fund established under
2 section 88-114, Hawaii Revised Statutes.

3 SECTION 5. In accordance with article VII, section 6, of
4 the Hawaii State Constitution, there is appropriated out of the
5 general revenues of the State of Hawaii the sum of \$500,000,000
6 or so much thereof as may be necessary for fiscal year 2022-2023
7 for deposit into the emergency and budget reserve fund
8 established under section 328L-3, Hawaii Revised Statutes.

9 SECTION 6. This Act shall take effect on July 1, 2022;
10 provided that section 3 shall apply to taxable years beginning
11 after December 31, 2021.



Report Title:

Mandatory Tax Refund; Emergency and Budget Reserve Fund; Pension Accumulation Fund; Constitution; Appropriations

Description:

Provides a tax refund to the taxpayers of the State and makes deposits to the emergency and budget reserve fund and pension accumulation fund pursuant to article VII, section 6, of the Hawaii State Constitution. Appropriates funds. (CD1)

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

