
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, section
2 6, of the Hawaii Constitution requires the legislature to
3 dispose of excess general fund revenues when certain factors are
4 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 finds that the necessary factors have been
2 met for two successive fiscal years and that the legislature is
3 constitutionally required to dispose of excess tax revenues, as
4 authorized under article VII, section 6, of the Hawaii
5 Constitution.

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

- 8 (1) Providing for an income tax credit of \$,
9 multiplied by the number of the taxpayer's qualified
10 exemptions, to every resident individual taxpayer of
11 the State to satisfy constitutionally mandated
12 requirements;
- 13 (2) Providing for a tax refund that shall be paid to the
14 taxpayers of the State;
- 15 (3) Making a deposit of \$ into the emergency and
16 budget reserve fund established under section 328L-3,
17 Hawaii Revised Statutes; and
- 18 (4) Making a deposit of \$ into the other post-
19 employment benefits trust fund established under
20 section 87A-42, Hawaii Revised Statutes.



1 SECTION 2. (a) There shall be allowed each resident
2 individual taxpayer who files an individual income tax return
3 for the taxable year 2022 and who is not claimed or is not
4 otherwise eligible to be claimed as a dependent by another
5 taxpayer for federal or Hawaii state individual income tax
6 purposes, a general income tax credit of \$, which
7 shall be deducted from income tax liability computed under
8 chapter 235, Hawaii Revised Statutes; provided that a resident
9 individual who has no income or no income taxable under chapter
10 235, Hawaii Revised Statutes, and who is not claimed or is not
11 otherwise eligible to be claimed as a dependent by another
12 taxpayer for federal or Hawaii state individual income tax
13 purposes may claim this credit.

14 (b) Each resident individual taxpayer may claim the
15 general income tax credit multiplied by the number of qualified
16 exemptions to which the taxpayer is entitled.

17 (c) Each person for whom the general income tax credit is
18 claimed shall have been a resident of the State, as defined in
19 section 235-1, Hawaii Revised Statutes, for at least nine months
20 regardless of whether the qualified resident was physically in
21 the State for nine months. Multiple exemptions shall not be



1 granted for the general income tax credit because of age or
2 deficiencies in vision, hearing, or other disability.

3 (d) The general income tax credit shall not be available
4 to any:

5 (1) Person who has been convicted of a felony and who has
6 been committed to prison and has been physically
7 confined for the full taxable year;

8 (2) Person who would otherwise be eligible to be claimed
9 as a dependent but who has been committed to a youth
10 correctional facility and has resided at the facility
11 for the full taxable year; or

12 (3) Misdemeanant who has been committed to jail and has
13 been physically confined for the full taxable year.

14 (e) The tax credit claimed by a resident taxpayer pursuant
15 to this section shall be deductible from the resident taxpayer's
16 individual income tax liability for the 2022 taxable year. If
17 the tax credit claimed by a resident taxpayer exceeds the amount
18 of income tax payment due from the resident taxpayer, the excess
19 of credits over payments due shall be refunded to the resident
20 taxpayer; provided that a tax credit properly claimed by a



1 resident individual who has no income tax liability shall be
2 paid to the resident individual.

3 (f) All claims for tax credits under this section,
4 including any amended claims, shall be filed on or before the
5 end of the twelfth month following the close of the taxable year
6 for which the credits may be claimed. Failure to comply with
7 this filing requirement shall constitute a waiver of the right
8 to claim the credit.

9 SECTION 3. (a) There shall be allowed to each qualifying
10 resident taxpayer who files an individual income tax return for
11 the 2021 taxable year, a one-time general income tax refund that
12 shall be refunded. The refund provided under this Act shall not
13 be used to offset any tax liability under title 14, Hawaii
14 Revised Statutes, of the qualifying resident taxpayer.

15 The amount of the refund shall be \$ multiplied by
16 the number of qualified exemptions to which the qualifying
17 taxpayer is entitled; provided that, for the purposes of this
18 refund, multiple exemptions shall not be allowed based on age or
19 deficiencies in vision, hearing, or other disability.

20 (b) As used in this section, "qualifying resident
21 taxpayer" means an individual taxpayer who has been a resident



1 of the State, as defined in section 235-1, Hawaii Revised
2 Statutes, for at least nine months regardless of whether the
3 resident was physically in the State for nine months.
4 "Qualifying resident taxpayer" shall not include any person who
5 is claimed or is otherwise eligible to be claimed as a dependent
6 by another taxpayer for federal or Hawaii state individual
7 income tax purposes.

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

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

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

16 (3) Any misdemeanor who has been committed to jail and
17 has been physically confined for the full taxable
18 year.

19 (d) The refund shall only be allowed for qualifying
20 resident taxpayers who file a state income tax return for the
21 2021 taxable year on or before December 31, 2022. Failure to



1 comply with this filing requirement shall constitute a waiver of
2 the right to claim the refund provided under this Act.

3 SECTION 4. In accordance with article VII, section 6, of
4 the Hawaii Constitution, there is appropriated out of the
5 general revenues of the State of Hawaii the sum of \$
6 or so much thereof as may be necessary for fiscal year 2022-2023
7 for deposit into the other post-employment benefits trust fund
8 established under section 87A-42, Hawaii Revised Statutes.

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

15 SECTION 6. This Act shall take effect on July 1, 2022;
16 provided that section 2 shall apply to taxable years beginning
17 after December 31, 2021.



Report Title:

Mandatory Tax Credit; Mandatory Tax Refund; Emergency and Budget Reserve Fund; Other Post-employment Benefits Trust Fund; Constitution; Appropriations

Description:

Provides a tax credit and tax refund to the taxpayers of the State and makes deposits to the emergency and budget reserve fund and other post-employment benefits trust fund pursuant to article VII, section 6, of the Hawaii Constitution.
Appropriates funds. (HD1)

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

