

STAND. COM. REP. NO.

945

Honolulu, Hawaii

MAR 03 , 2023

RE: H.B. No. 25  
H.D. 2

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 25, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to provide a tax refund to taxpayers pursuant to Article VII, Section 6, of the Hawaii State Constitution.

Your Committee received testimony in support of this measure from the Department of Budget and Finance. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that Act 115, Session Laws of Hawaii 2022 (Act 115), provided a one-time general income tax refund to every resident individual taxpayer of the State based on certain income limits multiplied by the number of their qualified exemptions. Instead of requiring taxpayers to file a specific tax form to receive the refund as in common with taxpayers claiming other tax credits, the tax refund simply required taxpayers to file a tax return by the end of the year. Your Committee further finds that the Act 115 mechanism of timely and directly issuing funds to qualifying individuals can benefit more individuals than offering claimable tax credits.

2023-2365 HB25 HD2 HSCR HMSO



Your Committee has amended this measure by:

- (1) Inserting a preamble;
- (2) Removing the tax refund to taxpayers pursuant to Article VII, Section 6, of the Hawaii State Constitution and any indication that this measure implements those constitutional provisions;
- (3) Converting the refundable food/excise tax credit to a food/excise tax rebate that shall be issued to taxpayers annually, thereby eliminating the need to apply for a tax credit annually;
- (4) Changing the income thresholds and rebate amount per exemption to unspecified amounts; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 25, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 25, H.D. 2, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Finance,



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KYLE T. YAMASHITA, Chair



