

JAN 23 2025

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# A BILL FOR AN ACT

RELATING TO THE GENERAL EXCISE TAX.

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

1           SECTION 1. The legislature finds that the federal  
2 government established various relief programs to provide  
3 critical assistance to millions of individuals, families, and  
4 businesses, during the COVID-19 pandemic and the nation's  
5 recovery therefrom, pursuant to the Coronavirus Aid, Relief, and  
6 Economic Security Act (CARES Act) effective March 27, 2020, and  
7 the American Rescue Plan Act of 2021 (ARPA), effective March 11,  
8 2021.

9           The legislature further finds that the CARES Act created  
10 the Paycheck Protection Program (PPP), which provided a  
11 forgivable loan to small businesses, and the Economic Injury  
12 Disaster Loan Emergency Advances (EIDL) Grant, which provided  
13 loan advances that do not need to be repaid, to small  
14 businesses. Likewise, ARPA created the Restaurant  
15 Revitalization Fund (RRF) to provide grants to food and beverage  
16 businesses that experienced revenue loss related to the COVID-19  
17 pandemic.



1           The legislature also finds that on May 4, 2020, the  
2 department of taxation issued Tax Information Release  
3 No. 2020-02 (Revised), providing guidance on the State's tax  
4 treatment of various COVID-19 relief programs and payments under  
5 the CARES Act, which specified that in light of the severity of  
6 the economic impact of the COVID-19 pandemic, state general  
7 excise tax will not be imposed on the loan amounts forgiven  
8 under PPP and EIDL Grants.

9           The legislature additionally finds that in 2024, the  
10 department of taxation announced that the general excise tax  
11 exemption applicable to the forgiven PPP loans and EIDL Grants  
12 under the CARES Act does not apply to the RRF grants under ARPA,  
13 despite the purpose of RRF grants aligning with the rationale  
14 behind the PPP and EIDL Grants.

15           Accordingly, the purpose of this Act is to exempt  
16 Restaurant Revitalization Fund grants received by eligible  
17 businesses pursuant to the American Rescue Plan Act of 2021 from  
18 the state general excise tax.

19           SECTION 2. (a) Any grants received from the federal  
20 Restaurant Revitalization Fund by an eligible business pursuant  
21 to the American Rescue Plan Act of 2021 shall not be subject to



1 general excise taxation under chapter 237, Hawaii Revised  
2 Statutes.

3 (b) Any state general excise tax paid by eligible  
4 businesses for grants received from the federal Restaurant  
5 Revitalization Fund shall be refunded to the tax payer, no later  
6 than .

7 SECTION 3. This Act, upon its approval, shall apply  
8 retroactive to taxable years beginning after March 11, 2021.

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INTRODUCED BY:



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# S.B. NO. 1278

**Report Title:**

General Excise Tax; Exemption; COVID-19; Relief Funds; American Rescue Plan Act of 2021; Restaurant Revitalization Fund; Refund

**Description:**

Establishes that any grants received from the federal Restaurant Revitalization Fund (RRF) by an eligible business pursuant to the American Rescue Plan Act of 2021 shall not be subject to state general excise tax. Requires any state general excise tax paid by eligible businesses for RRF grants to be refunded to the tax payer. Applicable to taxable years beginning after 3/11/2021.

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

