
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
8 March 11, 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 Grant (EIDL), 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.

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 and EIDL loans and loan
12 advances under the CARES Act does not apply to the RRF grants
13 under ARPA, despite the purpose of RRF grants aligning with the
14 rationale behind PPP and EIDL.

15 Accordingly, the purpose of this Act is to:

- 16 (1) Exempt Restaurant Revitalization Fund grants received
17 by eligible businesses pursuant to the American Rescue
18 Plan Act of 2021 from the state general excise tax;
- 19 (2) Require the department of taxation to notify all
20 taxpayers eligible for refunds of any state general
21 excise tax paid for Restaurant Revitalization Fund



1 grants of their eligibility and require taxpayers to
2 file refund claims no later than six months following
3 notification; and

4 (3) Require any state general excise taxes paid by
5 eligible businesses for Restaurant Revitalization Fund
6 grants to be refunded to the taxpayer.

7 SECTION 2. (a) Any grants received from the federal
8 Restaurant Revitalization Fund by an eligible business pursuant
9 to the American Rescue Plan Act of 2021 shall not be subject to
10 general excise taxation under chapter 237, Hawaii Revised
11 Statutes.

12 (b) The department of taxation shall notify all taxpayers
13 eligible for refunds of any state general excise tax paid for
14 grants received from the federal Restaurant Revitalization Fund
15 of their eligibility. Taxpayers shall file refund claims no
16 later than six months following the department of taxation's
17 notice of eligibility.

18 (c) Any state general excise tax paid by eligible
19 businesses for grants received from the federal Restaurant
20 Revitalization Fund shall be refunded to the taxpayer no later
21 than .



1 SECTION 3. This Act shall take effect on July 1, 3000, and
2 shall apply retroactively to March 11, 2021.



Report Title:

General Excise Tax; Exemption; American Rescue Plan Act of 2021;
Restaurant Revitalization Fund; Department of Taxation;
Notification; Refund

Description:

Exempts from the state general excise tax any grants received from the federal Restaurant Revitalization Fund by an eligible business pursuant to the American Rescue Plan Act of 2021. Requires the Department of Taxation to notify all taxpayers eligible for refunds of any state general excise tax paid for grants received from the federal Restaurant Revitalization Fund of their eligibility and requires taxpayers to file refund claims no later than six months following notification. Requires any state general excise taxes paid by eligible businesses for Restaurant Revitalization Fund grants to be refunded to the taxpayer. Effective 7/1/3000. Applies retroactively to 3/11/2021. (HD1)

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