
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 (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 shall take effect on July 1, 2050, and
8 shall apply retroactively to March 11, 2021.



Report Title:

General Excise Tax; Exemption; COVID-19; Relief Funds; American Rescue Plan Act of 2021; Restaurant Revitalization Fund; 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 any state general excise taxes paid by eligible businesses for Restaurant Revitalization Fund grants to be refunded to the taxpayer. Effective 7/1/2050. Applies retroactively to 3/11/2021. (SD1)

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