

JAN 23 2026

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 Coronavirus disease 2019 (COVID-19)
5 pandemic and the nation's recovery from the pandemic, pursuant
6 to the Coronavirus Aid, Relief, and Economic Security Act,
7 effective March 27, 2020; and the American Rescue Plan Act of
8 2021, effective March 11, 2021.

9 The legislature further finds that the Coronavirus Aid,
10 Relief, and Economic Security Act created the paycheck
11 protection program, which provided a forgivable loan to small
12 businesses, and the economic injury disaster loan emergency
13 advances grant, which provided loan advances that do not need to
14 be repaid, to small businesses. Likewise, American Rescue Plan
15 Act created the restaurant revitalization fund to provide grants
16 to food and beverage businesses that experienced revenue loss
17 related to the COVID-19 pandemic.



1 The legislature also finds that on October 20, 2020, the
2 department of taxation issued Tax Information Release No.
3 2020-06 (Revised) (superseding Tax Information Release No.
4 2020-02), providing guidance on the State's tax treatment of
5 various COVID-19 relief programs and payments under the
6 Coronavirus Aid, Relief, and Economic Security Act, which
7 specified that in light of the severity of the economic impact
8 of the COVID-19 pandemic, state general excise tax will not be
9 imposed on the loan amounts forgiven under paycheck protection
10 program and economic injury disaster loan emergency advances
11 grant.

12 The legislature additionally finds that in 2024, the
13 department of taxation announced that the general excise tax
14 exemption applicable to the forgiven paycheck protection program
15 and economic injury disaster loan emergency advances grant loans
16 and loan advances under the Coronavirus Aid, Relief, and
17 Economic Security Act does not apply to the restaurant
18 revitalization fund grants under American Rescue Plan Act,
19 despite the purpose of restaurant revitalization fund grants
20 aligning with the rationale behind paycheck protection program
21 and economic injury disaster loan emergency advances grant.



1 Accordingly, the purpose of this Act is to:

2 (1) Exempt restaurant revitalization fund grants received
3 by eligible businesses pursuant to the American Rescue
4 Plan Act of 2021 from the state general excise tax;

5 (2) Require the department of taxation to notify all
6 taxpayers eligible for refunds of any state general
7 excise tax paid for restaurant revitalization fund
8 grants of their eligibility and require taxpayers to
9 file refund claims no later than six months following
10 notification; and

11 (3) Require any state general excise taxes paid by
12 eligible businesses for restaurant revitalization fund
13 grants to be refunded to the taxpayer.

14 SECTION 2. (a) Notwithstanding any law to the contrary,
15 any grants received from the federal restaurant revitalization
16 fund by an eligible business pursuant to the American Rescue
17 Plan Act of 2021 shall not be subject to general excise taxation
18 under chapter 237, Hawaii Revised Statutes.

19 (b) The department of taxation shall notify all taxpayers
20 eligible for refunds pursuant to subsection (a). Taxpayers



1 shall file refund claims no later than six months following the
2 department of taxation's notice of eligibility.

3 (c) 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 taxpayer no later
6 than .

7 (d) The director of taxation:

8 (1) Shall prepare any forms necessary to claim a tax
9 refund under this Act;

10 (2) May require proof of the claim for the tax refund;

11 (3) Shall notify eligible taxpayers using appropriate and
12 available means; and

13 (4) May adopt rules pursuant to chapter 91, Hawaii Revised
14 Statutes, to effectuate this Act.

15 SECTION 3. This Act shall take effect on July 1, 2026, and
16 shall apply retroactively to March 11, 2021.

17

INTRODUCED BY:



S.B. NO. 2590

Report Title:

General Excise Tax; Exemption; American Rescue Plan Act
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. Applies retroactively to 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.

