

JAN 23 2026

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# A BILL FOR AN ACT

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RELATING TO THE GENERAL FUND.

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

1       SECTION 1. The legislature finds that article VII,  
2       section 6, of the Hawaii State Constitution requires the  
3       legislature to dispose of excess general fund revenues when  
4       certain factors are met, as follows:

5           (1) Provide for a tax refund or tax credit to the  
6           taxpayers of the State, as provided by law;

7           (2) Make a deposit into one or more funds, as provided by  
8           law, which shall serve as temporary supplemental  
9           sources of funding for the State in times of an  
10          emergency, economic downturn, or unforeseen reduction  
11          in revenue, as provided by law; or

12          (3) Appropriate general funds for the pre-payment of  
13          either or both of the following, as provided by law:

14           (A) Debt service for general obligation bonds issued  
15           by the State; or

16           (B) Pension or other post-employment benefit  
17           liabilities accrued for state employees.



1       The legislature finds that the necessary factors have been  
2 met for two successive fiscal years and that the legislature is  
3 constitutionally required to dispose of excess tax revenues, as  
4 authorized under article VII, section 6, of the Hawaii State  
5 Constitution.

6       Accordingly, the purpose of this Act is to implement  
7 article VII, section 6, of the Hawaii State Constitution by:

8       (1) Providing an income tax credit of \$               ,  
9               multiplied by the number of a taxpayer's qualified  
10              exemptions, to every resident individual taxpayer of  
11              the State to satisfy constitutionally mandated  
12              requirements;

13       (2) Making a deposit of \$               into the emergency and  
14              budget reserve fund established under section 328L-3,  
15              Hawaii Revised Statutes; and

16       (3) Making a deposit of \$               into the other  
17              post-employment benefits trust fund established under  
18              section 87A-42, Hawaii Revised Statutes.

19       SECTION 2. (a) There shall be allowed each resident  
20 individual taxpayer who files an individual income tax return  
21 for the 2026 taxable year and who is not claimed or is not



1 otherwise eligible to be claimed as a dependent by another  
2 taxpayer for federal or Hawaii state individual income tax  
3 purposes, a general income tax credit of \$ , which  
4 shall be deducted from income tax liability computed under  
5 chapter 235, Hawaii Revised Statutes; provided that a resident  
6 individual who has no income or no income taxable under  
7 chapter 235, Hawaii Revised Statutes, and who is not claimed or  
8 is not otherwise eligible to be claimed as a dependent by  
9 another taxpayer for federal or Hawaii state individual income  
10 tax purposes may claim this credit.

11 (b) Each resident individual taxpayer may claim the  
12 general income tax credit multiplied by the number of qualified  
13 exemptions to which the taxpayer is entitled.

14 (c) Each person for whom the general income tax credit is  
15 claimed shall have been a resident of the State, as defined in  
16 section 235-1, Hawaii Revised Statutes, for at least nine months  
17 regardless of whether the qualified resident was physically in  
18 the State for nine months. Multiple exemptions shall not be  
19 granted for the general income tax credit because of age or  
20 deficiencies in vision, hearing, or other disability.



(d) The general income tax credit shall not be available to any:

(1) Person who has been convicted of a felony and who has been committed to prison and has been physically confined for the full taxable year;

(2) Person who would otherwise be eligible to be claimed as a dependent but who has been committed to a youth correctional facility and has resided at the facility for the full taxable year; or

(3) Misdemeanant who has been committed to jail and has been physically confined for the full taxable year.

(e) The tax credit claimed by a resident taxpayer pursuant to this section shall be deductible from the resident taxpayer's individual income tax liability for the 2026 taxable year. If the tax credit claimed by a resident taxpayer exceeds the amount of income tax payment due from the resident taxpayer, the excess of credits over payments due shall be refunded to the resident taxpayer; provided that a tax credit properly claimed by a resident individual who has no income tax liability shall be paid to the resident individual.



1 (f) All claims for tax credits under this section,  
2 including any amended claims, shall be filed on or before the  
3 end of the twelfth month following the close of the taxable year  
4 for which the credits may be claimed. Failure to comply with  
5 this filing requirement shall constitute a waiver of the right  
6 to claim the credit.

7 SECTION 3. In accordance with article VII, section 6, of  
8 the Hawaii State Constitution, there is appropriated out of the  
9 general revenues of the State of Hawaii the sum of

10 \$ or so much thereof as may be necessary for fiscal  
11 year 2026-2027 for deposit into the other post-employment  
12 benefits trust fund established under section 87A-42, Hawaii  
13 Revised Statutes.

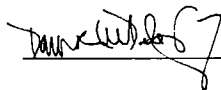
14 SECTION 4. In accordance with article VII, section 6, of  
15 the Hawaii State Constitution, there is appropriated out of the  
16 general revenues of the State of Hawaii the sum of

17 \$ or so much thereof as may be necessary for fiscal  
18 year 2026-2027 for deposit into the emergency and budget reserve  
19 fund established under section 328L-3, Hawaii Revised Statutes.



1           SECTION 5. This Act shall take effect on July 1, 2026;  
2 provided that section 2 shall apply to taxable years beginning  
3 after December 31, 2025.

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INTRODUCED BY: 



# S.B. NO. 2600

**Report Title:**

Mandatory Tax Credit; Emergency and Budget Reserve Fund; Other  
Post-employment Benefits Trust Fund; Constitution;  
Appropriations

**Description:**

Provides a tax credit to taxpayers and makes deposits to the  
emergency and budget reserve fund and other post-employment  
benefits trust fund pursuant to article VII, section 6, of the  
Hawaii State Constitution. Appropriates moneys.

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not legislation or evidence of legislative intent.*

