A BILL FOR AN ACT

RELATING TO THE GENERAL FUND BALANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAI'I:

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

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

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

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

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

(B) Pension or other post-employment benefit liabilities accrued for state employees."
The legislature finds that the necessary factors have been met for the second year in a row and that the legislature is constitutionally required to dispose of excess tax revenues, as authorized under article VII, section 6, of the Hawaii Constitution.

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

(1) Providing for an income tax credit of $ multiplied by the number of the taxpayer's qualified exemptions, to every resident individual taxpayer of the State to satisfy constitutionally mandated requirements;

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

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

SECTION 2. (a) There shall be allowed each resident individual taxpayer who files an individual income tax return for the taxable year 2019 and who is not claimed or is not
otherwise eligible to be claimed as a dependent by another taxpayer for federal or Hawaii state individual income tax purposes, a general income tax credit of $ , which shall be deducted from income tax liability computed under chapter 235, Hawaii Revised Statutes; provided that a resident individual who has no income or no income taxable under chapter 235, Hawaii Revised Statutes, and who is not claimed or is not otherwise eligible to be claimed as a dependent by another taxpayer for federal or Hawaii state individual income tax purposes may claim this credit.

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

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

(1) Any 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) Any 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) Any 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 taxable year 2019. 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.
(f) All claims for tax credits under this section, including any amended claims, shall be filed on or before the end of the twelfth month following the close of the taxable year for which the credits may be claimed. Failure to comply with this filing requirement shall constitute a waiver of the right to claim the credit.

SECTION 3. In accordance with article VII, section 6, of the Hawaii Constitution, there is appropriated out of the general revenues of the State of Hawaii the sum of $ or so much thereof as may be necessary for fiscal year 2019-2020 for deposit into the emergency and budget reserve fund established under section 328L-3, Hawaii Revised Statutes.

SECTION 4. In accordance with article VII, section 6, of the Hawaii Constitution, there is appropriated out of the general revenues of the State of Hawaii the sum of $ or so much thereof as may be necessary for fiscal year 2019-2020 for deposit into the other post-employment benefits trust fund established under section 87A-42, Hawaii Revised Statutes.
SECTION 5. This Act shall take effect on July 1, 2050.
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 Constitution. Makes appropriations. Effective 7/1/2050. (SD1)

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