GOV. MSG. NO. 1215

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

June 22, 2022

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Thirty-First State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Thirty-First State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on June 22, 2022, the following bill was signed into law:

SB514 SD1 HD1 CD2 — RELATING TO THE GENERAL FUND.
ACT 115

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

Approved by the Governor
on JUN 22 2022

ACT 115

THE SENATE
THIRTY-FIRST LEGISLATURE, 2021
STATE OF HAWAII

S.B. NO. 514 S.D. 1 H.D. 1 C.D. 2

A BILL FOR AN ACT

RELATING TO THE GENERAL FUND.

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

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

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

(1) Providing for an income tax refund to every resident individual taxpayer of the State, as follows:

(A) $300 for individuals earning less than $100,000 and couples earning less than $200,000; or

(B) $100 for individuals earning $100,000 or more and couples earning $200,000 or more,

multiplied by the number of the taxpayer's qualified exemptions, to satisfy constitutionally mandated requirements;

(2) Making a deposit of $500,000,000 into the emergency and budget reserve fund established under section 328L-3, Hawaii Revised Statutes; and

(3) Making a deposit of $300,000,000 into the pension accumulation fund established under section 88-114, Hawaii Revised Statutes.

SECTION 2. In accordance with article VII, section 9, of the Hawaii State Constitution, and sections 37-91 and 37-93, Hawaii Revised Statutes, the legislature has determined that the appropriations contained in this Act will cause the state general fund expenditures for fiscal year 2022-2023 to exceed the general fund expenditure ceiling by $800,000,000, or 7.9 per cent. The general fund expenditure ceiling will be exceeded for the following reasons:

(1) The appropriations made in this Act are necessary to serve the public interest; and

(2) The appropriations made in this Act meet the needs addressed by this Act.

SECTION 3. (a) There shall be allowed to each qualifying resident taxpayer who files an individual income tax return for the 2021 taxable year, a one-time general income tax refund. The refund provided under this Act shall not be used to offset any tax liability under title 14, Hawaii Revised Statutes, of the qualifying resident taxpayer.

The amount of the refund shall be determined in accordance with the table below; provided that a married couple filing separate tax returns for the 2021 taxable year, for which a joint return could have been filed, shall only be eligible for the refund that they would have been eligible for had a joint return been filed; provided further that, for the purposes of the refund, multiple refunds shall not be allowed based on age or deficiencies in vision, hearing, or other disability.

Federal adjusted gross income for taxpayers filing a single return, married individuals filing separate returns, or head, of household	Refund per exemption
Under $100,000	$300
$100,000 and over	$100

Federal adjusted gross income for married couples filing joint returns and surviving spouses	Refund per exemption
Under $200,000	$300
$200,000 and over	$100

Each qualifying resident taxpayer may claim the general income tax refund multiplied by the number of qualified exemptions to which the taxpayer is entitled.

(b) As used in this Act, "qualifying resident taxpayer" means an individual taxpayer who has been a resident of the State, as defined in section 235-1, Hawaii Revised Statutes, for at least nine months regardless of whether the qualifying resident was physically in the State for nine months. "Qualifying resident taxpayer" shall not include any person who is claimed or is otherwise eligible to be claimed as a dependent by another taxpayer for federal or Hawaii state individual income tax purposes.

(c) The refund shall not be available for:

(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.

(d) The refund shall only be allowed for qualifying resident taxpayers who file a state income tax return for the 2021 taxable year on or before December 31, 2022. Failure to comply with this filing requirement shall constitute a waiver of the right to claim the refund provided under this Act.

(e) This Act implements the provisions of article VII, section 6, of the Hawaii State Constitution.

SECTION 4. In accordance with article VII, section 6, of the Hawaii State Constitution, there is appropriated out of the general revenues of the State of Hawaii the sum of $300,000,000 or so much thereof as may be necessary for fiscal year 2022-2023 for deposit into the pension accumulation fund established under section 88-114, Hawaii Revised Statutes.

SECTION 5. In accordance with article VII, section 6, of the Hawaii State Constitution, there is appropriated out of the general revenues of the State of Hawaii the sum of $500,000,000 or so much thereof as may be necessary for fiscal year 2022-2023

for deposit into the emergency and budget reserve fund established under section 328L-3, Hawaii Revised Statutes.

SECTION 6. This Act shall take effect on July 1, 2022; provided that section 3 of this Act shall apply to taxable years beginning after December 31, 2020.

S.B. NO. 514 S.D. 1 H.D. 1 C.D. 2

APPROVED this 22nd day of June, 2022

GOVERNOR OF THE STATE OF HAWAII

THE SENATE OF THE STATE OF HAWAI'I

Date: May 5, 2022
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-First Legislature of the State of Hawai'i, Regular Session of 2022.

President of the Senate

Clerk of the Senate

SB No. 514, SD 1, HD 1, CD 2

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 5, 2022
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-First Legislature of the State of Hawaii, Regular Session of 2022.

Scott K. Saiki
Speaker
House of Representatives

Brian L. Takeshita
Chief Clerk
House of Representatives