
A BILL FOR AN ACT

RELATING TO CONSTITUTIONAL TAX REFUND FOR RESIDENT TAXPAYERS.

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

1 SECTION 1. Article VII, section 6, of the Constitution of
2 the State of Hawaii allows for a tax refund or tax credit to the
3 taxpayers of the State as provided by law whenever the state
4 general fund balance at the close of each of two successive
5 fiscal years exceeds five per cent of general fund revenues for
6 each of the two fiscal years.

7 These requirements have been met. Accordingly, the purpose
8 of this Act is to provide for a tax refund that shall be paid to
9 the taxpayers of the State.

10 SECTION 2. (a) There shall be allowed to each qualifying
11 resident taxpayer who files an individual income tax return for
12 the 2021 taxable year, a one-time general income tax refund that
13 shall be refunded. The refund provided under this Act shall not
14 be used to offset any tax liability under title 14, Hawaii
15 Revised Statutes, of the qualifying resident taxpayer.

16 The amount of the refund shall be \$100 multiplied by the
17 number of qualified exemptions to which the qualifying taxpayer
18 is entitled; provided that, for the purposes of this refund,

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1 multiple exemptions shall not be allowed based on age or
2 deficiencies in vision, hearing, or other disability.

3 (b) As used in this Act, "qualifying resident taxpayer"
4 means an individual taxpayer who has been a resident of the
5 State, as defined in section 235-1, Hawaii Revised Statutes, for
6 at least nine months regardless of whether the qualified
7 resident was physically in the State for nine months.

8 "Qualifying resident taxpayer" shall not include any person who
9 is claimed or is otherwise eligible to be claimed as a dependent
10 by another taxpayer for federal or Hawaii state individual
11 income tax purposes.

12 (c) The refund shall not be available for:

13 (1) Any person who has been convicted of a felony and who
14 has been committed to prison and has been physically
15 confined for the full taxable year;

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

20 (3) Any misdemeanor who has been committed to jail and
21 has been physically confined for the full taxable
22 year.

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1 (d) The refund shall only be allowed for qualifying
2 resident taxpayers who file a state income tax return for the
3 2021 taxable year on or before December 31, 2022. Failure to
4 comply with this filing requirement shall constitute a waiver of
5 the right to claim the refund provided under this Act.

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

8 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: 

BY REQUEST

JAN 24 2022

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Report Title:

Constitutional Tax Refund for Resident Taxpayers

Description:

Creates a one-time income tax refund for resident taxpayers that shall be refunded to implement the provision of article VII, section 6, of the Constitution of the State of Hawaii.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Office of the Governor

TITLE: A BILL FOR AN ACT RELATING TO CONSTITUTIONAL TAX REFUND FOR RESIDENT TAXPAYERS.

PURPOSE: To authorize a tax refund for qualified resident taxpayers in accordance with the conditions of article VII, section 6, of the Hawaii State Constitution.

MEANS: Implement the provisions of article VII, section 6, of the State Constitution, to allow a one-time general income tax refund to qualifying resident taxpayers. The amount of the refund shall be \$100 multiplied by the number of qualified exemptions to which the qualifying taxpayer is entitled, with certain conditions on eligibility.

JUSTIFICATION: Article VII, section 6, of the State Constitution calls for the disposition of excess revenues whenever the State general fund balance at the close of each of two successive fiscal years exceeds five percent of general fund revenues for each of the two fiscal years. These conditions have been met. The most efficient and impactful method of revenue disposition allowed under the Constitution is to provide a tax refund or tax credit.

Impact on the public: Taxpayers who qualify for the refund will receive a direct pecuniary benefit.

Impact on the department and other agencies: The Department of Taxation is responsible to issue the proposed tax refunds. The impact on other agencies will be negligible.

GENERAL FUND: The general fund will decrease by the amount of tax refunds issued pursuant to this measure.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: None.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.