

JAN 22 2007

---

---

# A BILL FOR AN ACT

RELATING TO INCOME TAX REFUND

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

1           SECTION 1. The legislature finds that Article VII, section  
2 6, of the Constitution of the State of Hawaii requires the  
3 legislature to provide a tax refund or tax credit when certain  
4 factors are met. The legislature finds that these factors have  
5 been met for the second year in a row and that the legislature  
6 is constitutionally required to give a tax credit or a tax  
7 refund.

8           The purpose of this Act is to provide for an income tax  
9 credit of \$100 to the people of the State to satisfy  
10 constitutionally mandated requirements.

11           SECTION 2. (a) In addition to any other credit allowed  
12 under chapter 235, Hawaii Revised Statutes, there shall be  
13 allowed each resident individual taxpayer who qualifies under  
14 section 235-4, Hawaii Revised Statutes, a general income tax  
15 credit of \$100 which shall be deducted from income tax liability  
16 computed under chapter 235, Hawaii Revised Statutes. The  
17 general income tax credit of \$100 shall be multiplied by the



1 number of qualified exemptions as defined in section 235-54,  
2 Hawaii Revised Statutes, to which the taxpayer is entitled,  
3 regardless of adjusted gross income. Section 235-54, Hawaii  
4 Revised Statutes, to the contrary notwithstanding, a taxpayer  
5 seeking such a qualified exemption shall have been a resident of  
6 the State as defined in section 235-1, Hawaii Revised Statutes,  
7 for at least nine months whether or not such qualified resident  
8 was physically in the State for nine months. For the purposes  
9 of this section, multiple exemptions shall not be granted for  
10 this credit because of age, or deficiencies in vision, hearing,  
11 or other disability. The general income tax credit allowed  
12 under this section shall be deducted from income tax liability  
13 for the taxable year 2007. The amount of the tax credit shall  
14 be reasonably calculated to return a total of \$110,000,000 to  
15 the people of the State.

16 (b) The credit under this section shall not be available  
17 to:

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

21 (2) Any person who would otherwise be eligible to be  
22 claimed as a dependent but who has been committed to a



1 youth correctional facility and has resided at the  
2 facility for the full taxable year; or

3 (3) Any misdemeanant who has been committed to jail and  
4 has been physically confined for the full taxable  
5 year.

6 (c) This section implements the provisions of Article VII,  
7 section 6, of the State of Hawaii Constitution enacted by the  
8 1978 Constitutional Convention, which states as follows:

9  
10 "DISPOSITION OF EXCESS REVENUES

11 Section 6, Whenever the state general fund balance at the  
12 close of each of two successive fiscal years exceeds five  
13 percent of general fund revenues for each of the two fiscal  
14 years, the legislature in the next regular session shall provide  
15 for a tax refund or tax credit to the taxpayers of the State, as  
16 provided by law."

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

18

INTRODUCED BY:

*Annal Yee*  
*Elizabeth Chiu Calland*  
*Marion M. Slon*  
*Paul*  
*P. L. C.*  
*Mike Hubbard*



**Report Title:**

Income Tax Refund

**Description:**

Provides for an income tax refund of \$100 to the people of the State to satisfy requirement of the state constitution.

