

Honolulu, Hawaii

APR 08 , 2022

RE: S.B. No. 514
S.D. 1
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 514, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE GENERAL FUND,"

begs leave to report as follows:

The purpose of this measure is to dispose of excess general fund revenues, as required by article VII, section 6, of the Hawaii State Constitution by:

- (1) Providing for an income tax credit to every resident individual taxpayer of the State;
- (2) Depositing an unspecified sum into the Emergency and Budget Reserve Fund; and
- (3) Depositing an unspecified sum into the Other Post-Employment Benefits Trust Fund.

Your Committee received comments on this measure from the Department of Taxation, Department of Budget and Finance, Tax Foundation of Hawaii, and Grassroot Institute of Hawaii.

Your Committee finds that when the balance of the general fund at the close of each of two successive fiscal years has



exceeded five percent of the general fund revenues for both fiscal years, article VII, section 6, of the Hawaii State Constitution requires the Legislature to dispose of excess general fund revenues through a tax credit or refund to state taxpayers; a deposit into one or more funds as supplemental sources of funding in times of an emergency, economic downturn, or unforeseen reduction in revenue; or an appropriation of general funds for the pre-payment of debt service for general obligation bonds or pension or other post-employment benefit liabilities accrued for state employees.

Your Committee has amended this measure by:

- (1) Inserting language to also provide a tax refund to certain taxpayers of the State; and
- (2) Changing its effective date to July 1, 2022; provided that the tax credit applies to taxable years beginning after December 31, 2021; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 514, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 514, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



