
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that the coronavirus
2 disease 2019 (COVID-19) pandemic presented the world with
3 unprecedented issues, forcing people out of employment or even
4 their own homes. The COVID-19 pandemic further exacerbated the
5 economic hardship for many Hawaii families who are above the
6 federal poverty line but still struggle to make ends meet.
7 According to Aloha United Way, the COVID-19 pandemic
8 significantly increased the percentage of households that are
9 considered to be asset limited, income constrained, and employed
10 (ALICE) to fifty-nine per cent, which is up from forty-two per
11 cent prior to the pandemic. Aloha United Way further reported a
12 six hundred per cent increase in calls received from people
13 seeking assistance during the pandemic.

14 The legislature further finds that Act 115, Session Laws of
15 Hawaii 2022 (Act 115), provided, among other things, a one-time
16 general income tax refund to every resident individual taxpayer
17 of the State based on certain income limits multiplied by the



1 number of their qualified exemptions. Act 155 demonstrated the
2 possibility of providing relief to resident taxpayers instead of
3 having to wait until taxes are filed. Rather than a tax credit,
4 which is claimed by the taxpayer for the previous taxable year,
5 the tax refund operated like a tax rebate. The legislature
6 finds that such a mechanism could be useful in providing low-
7 income taxpayers with the immediate assistance they need to meet
8 their everyday needs and provide relief from the general excise
9 tax. The goal of this approach is to simplify and streamline
10 the calculation and distribution of tax credits to support the
11 most vulnerable residents.

12 The purpose of this Act is to convert the refundable
13 food/excise tax credit to a tax rebate that is allocated
14 directly to qualifying individuals and families.

15 SECTION 2. Section 235-55.85, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "**§235-55.85** ~~[Refundable food/excise]~~ **Food/excise tax**
18 ~~[credit.]~~ **rebate.** (a) ~~[Each]~~ There shall be allowed to each
19 individual taxpayer, who files an individual income tax return
20 for a taxable year, and who is not claimed or is not otherwise
21 eligible to be claimed as a dependent by another taxpayer for



1 federal or Hawaii state individual income tax purposes, [~~may~~
2 ~~claim~~] a [~~refundable~~] food/excise tax [~~credit against the~~
3 ~~taxpayer's individual income tax liability for the taxable year~~
4 ~~for which the individual income tax return is being filed;~~]
5 rebate; provided that an individual who has no income or no
6 income taxable under this chapter and who is not claimed or is
7 not otherwise eligible to be claimed as a dependent by a
8 taxpayer for federal or Hawaii state individual income tax
9 purposes [~~may claim~~] shall be eligible for this [~~credit.~~
10 rebate. The tax rebate provided under this section shall not be
11 used to offset any tax liability under title 14 of the taxpayer.

12 (b) [~~Each individual taxpayer may claim a refundable~~] The
13 amount of the food/excise tax [~~credit~~] rebate shall be equal to
14 [~~multiplied by~~] the number of qualified exemptions to which the
15 taxpayer is entitled multiplied by the rebate amount allowed per
16 exemption, in accordance with the table below; provided that [~~a~~
17 ~~husband and wife~~] married individuals filing separate tax
18 returns for a taxable year for which a joint return could have
19 been filed by them shall claim only the tax [~~credit~~] rebate to
20 which they would have been entitled had a joint return been
21 filed.



| | | |
|----|---|---|
| 1 | | |
| 2 | Adjusted gross income | [Credit] <u>Rebate</u> per exemption |
| 3 | for taxpayers filing | |
| 4 | a single return | |
| 5 | Under [\$5,000 | \$110 |
| 6 | \$5,000 under \$10,000 | \$100 |
| 7 | \$10,000 under \$15,000 | \$ 85 |
| 8 | \$15,000 under \$20,000 | \$ 70 |
| 9 | \$20,000 under \$30,000 | \$ 55 |
| 10 | \$30,000 and over | \$ 0.] |
| 11 | \$ _____ | \$ _____ |
| 12 | \$ _____ and over | \$ _____. |
| 13 | Adjusted gross income | [Credit] <u>Rebate</u> per exemption |
| 14 | for heads of household, | |
| 15 | married individuals filing | |
| 16 | separate returns, and | |
| 17 | married couples filing | |
| 18 | joint returns | |
| 19 | Under [\$5,000 | \$110 |
| 20 | \$5,000 under \$10,000 | \$100 |
| 21 | \$10,000 under \$15,000 | \$ 85 |



| | | |
|---|------------------------------------|--------------------|
| 1 | \$15,000 under \$20,000 | \$ 70 |
| 2 | \$20,000 under \$30,000 | \$ 55 |
| 3 | \$30,000 under \$40,000 | \$ 45 |
| 4 | \$40,000 under \$50,000 | \$ 35 |
| 5 | \$50,000 and over | -\$ 0.] |
| 6 | \$ _____ | \$ _____ |
| 7 | \$ _____ and over | \$ _____. |

8

9 (c) For the purposes of this section, a qualified

10 exemption is defined to include those exemptions permitted under

11 this chapter; provided that no additional exemption may be

12 claimed by a taxpayer who is sixty-five years of age or older;

13 provided that a person for whom exemption is claimed has been

14 physically present in the State for more than nine months during

15 the taxable year; and provided further that multiple exemptions

16 shall not be granted because of deficiencies in vision or

17 hearing, or other disability. For purposes of [~~claiming~~]

18 determining eligibility for and the amount of this [credit]

19 rebate only, a minor child receiving support from the department

20 of human services of the State, social security survivor's



1 benefits, and the like, may be considered a dependent and a
2 qualified exemption of the parent or guardian.

3 (d) The tax [~~credit~~] rebate under this section shall not
4 be available to:

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

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

12 (3) Any misdemeanor who has been committed to jail and
13 has been physically confined for the full taxable
14 year.

15 (e) [~~The tax credits claimed by a taxpayer pursuant to~~
16 ~~this section shall be deductible from the taxpayer's individual~~
17 ~~income tax liability, if any, for the tax year in which they are~~
18 ~~properly claimed. If the tax credits claimed by a taxpayer~~
19 ~~exceed the amount of income tax payment due from the taxpayer,~~
20 ~~the excess of credits over payments due shall be refunded to the~~
21 ~~taxpayer; provided that tax credits properly claimed by [an]~~



1 ~~individual who has no income tax liability shall be paid to the~~
2 ~~individual; and provided further that no refunds or payment on~~
3 ~~account of the tax credits allowed by this section shall be made~~
4 ~~for amounts less than \$1.~~

5 ~~(f) All claims for tax credits under this section,~~
6 ~~including any amended claims, shall be filed on or before the~~
7 ~~end of the twelfth month following the close of the taxable year~~
8 ~~for which the credits may be claimed.] The tax rebate shall only~~
9 ~~be allowed for an individual taxpayer who files a state income~~
10 ~~tax return for the taxable year. Failure to comply with [the~~
11 ~~foregoing provision] this filing requirement shall constitute a~~
12 ~~waiver of the right to claim the [credit.] rebate.~~

13 ~~[(g)] (f)~~ For the purposes of this section, "adjusted
14 gross income" means adjusted gross income as defined by the
15 Internal Revenue Code."

16 SECTION 3. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 4. This Act shall take effect on July 1, 3000;
19 provided that section 2 shall apply to taxable years beginning
20 after December 31, 2022.



Report Title:

Tax Rebate; Food/Excise Tax Rebate

Description:

Converts the refundable food/excise tax credit to a tax rebate to be issued to qualifying taxpayers annually. Applies to taxable years beginning after 12/31/2022. Effective 7/1/3000. (HD2)

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

