

Honolulu, Hawaii

FEB 18 2025

RE: S.B. No. 1278  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Third State Legislature  
Regular Session of 2025  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 1278 entitled:

"A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to provide tax relief to businesses impacted by the coronavirus disease 2019 (COVID-19) pandemic.

More specifically, this measure:

- (1) Exempts from the state general excise tax any grants received by an eligible business from the federal Restaurant Revitalization Fund pursuant to the American Rescue Plan Act of 2021; and
- (2) Requires any state general excise taxes paid by eligible businesses for Restaurant Revitalization Fund grants to be refunded to the taxpayer.

Your Committee received testimony in support of this measure from Bev Gannon Restaurants; The Chamber of Commerce of Hawaii; Grassroot Institute of Hawaii; Hawaii Bar Owners Association / E&J Lounge Operating Co.; Hawaii Restaurant Association; Highway Inn; Island Catering, LLC; Jesscott, Inc., dba. Lava Java Coffee Roasters of Maui; Maui Brewing Co.; Maui Brewing Co. Restaurants;



Maui Chamber of Commerce; Maui Wine, Ltd.; Merriman's Restaurants; Roy Yamaguchi Group of Restaurants; Tiki's Grill & Bar; and three individuals.

Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that, pursuant to the American Rescue Plan Act of 2021, the federal Restaurant Revitalization Fund was established to provide grants to food and beverage businesses that experienced revenue loss related to the COVID-19 pandemic. Your Committee also finds that, in light of the severity of the economic impact of the COVID-19 pandemic, certain funds received pursuant to relief programs established under the Coronavirus Aid, Relief, and Economic Security Act are exempt from the state general excise tax. Your Committee further finds that this exemption does not apply to grants received by an eligible business from the federal Restaurant Revitalization Fund pursuant to the American Rescue Plan Act of 2021, despite the fact that these grants were established to provide similar relief. This measure corrects that disparity.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure;
- (2) Clarifying that the measure shall apply retroactively to March 11, 2021; and
- (3) Correcting a spelling error.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1278, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1278, S.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
DONOVAN M. DELA CRUZ, Chair



The Senate  
Thirty-Third Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">SB1278</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">WAM</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">02-12-25</div>		
<div><input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____</div>				
The Recommendation is: <div style="display: flex; justify-content: space-around; align-items: flex-end;"><div><input type="checkbox"/> Pass, unamended 2312</div><div><input checked="" type="checkbox"/> Pass, with amendments 2311</div><div><input type="checkbox"/> Hold 2310</div><div><input type="checkbox"/> Recommit 2313</div></div>				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
ELEFANTE, Brandon J.C.	X			
HASHIMOTO, Troy N.	X			
INOUE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
<b>TOTAL</b>	13	0	0	0
Recommendation: <div style="display: flex; justify-content: space-around; align-items: center;"><div><input checked="" type="checkbox"/> Adopted</div><div><input type="checkbox"/> Not Adopted</div></div>				
Chair's or Designee's Signature: <div style="font-size: 1.5em; font-family: cursive; margin-top: 10px;">[Signature]</div>				
Distribution: <div style="display: flex; justify-content: space-between; font-size: 0.8em; margin-top: 5px;"><div>Original File with Committee Report</div><div>Yellow Clerk's Office</div><div>Pink Drafting Agency</div><div>Goldenrod Committee File Copy</div></div>				

**\*Only one measure per Record of Votes**