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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. Section 231-23, Hawaii Revised Statutes, is  
2 amended by amending subsection (d) to read as follows:

3           "(d) This subsection shall apply to a refund for an  
4 overpayment of a tax:

5           (1) If the tax return as filed by a taxpayer shows the  
6 amount already paid exceeds the amount determined to  
7 be the correct amount of the tax due, whether or not  
8 the tax was paid by installments, and the taxpayer  
9 requests a refund of the overpayment, the amount of  
10 the overpayment shall be refunded in the manner  
11 provided in subsection (c) within ninety days of the  
12 due date of the tax return or the date the tax return  
13 is filed, whichever is later; provided that interest  
14 on the overpayment shall be paid:

15           (A) To the taxpayer if the amount overpaid is not  
16 refunded within ninety days; and



1 (B) At the rate [~~of one third of one per cent~~] set by  
2 title 26 United States Code section 6621(a)(1) of  
3 the refund amount [~~for each month or fraction~~  
4 ~~thereof~~] compounded daily after the ninety-day  
5 period, until the refund and any applicable  
6 interest is paid to the taxpayer;

7 (2) If any overpayment of taxes results or arises from:  
8 (A) The taxpayer filing an amended return; or  
9 (B) A determination made by the director; and  
10 the overpayment is not shown on the original return as  
11 filed by the taxpayer, the amount overpaid shall be  
12 refunded to the taxpayer within ninety days from the  
13 due date of the original return or the date the  
14 overpayment is discovered under subparagraphs (A) or  
15 (B), whichever occurred later; provided that interest  
16 shall be paid to the taxpayer if the amount overpaid  
17 is not refunded within ninety days and at the rate [~~of~~  
18 ~~one third of one per cent~~] set by title 26 United  
19 States Code section 6621(a)(1) of the refund amount  
20 [~~for each month or fraction thereof~~] compounded daily



1 after the ninety-day period, until the refund and any  
2 applicable interest is paid to the taxpayer;

3 (3) For purposes of a net income tax return, if any  
4 overpayment of any taxes results from a carryback of a  
5 net operating loss, the overpayment shall be deemed to  
6 have been made at the close of the taxable year in  
7 which the net operating loss arises. To the extent  
8 that the carryback of net operating loss results in  
9 reducing the amount of underpayment of taxes for prior  
10 taxable year or years, interest that would be  
11 chargeable because of the underpayment shall not be  
12 applicable with respect to that amount or amounts that  
13 are carried back; and

14 (4) In the case of credit, interest shall be paid in the  
15 same manner as paragraph (1)."

16 SECTION 2. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

18 SECTION 3. This Act, upon its approval, shall apply to  
19 taxable years beginning after December 31, 2024.

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INTRODUCED BY:

*Karl Rhoads*



# S.B. NO. 430

**Report Title:**

Income Tax; Refund

**Description:**

Requires the Department of Taxation to provide refunds to taxpayers at the same interest rate as the federal government. Applies to taxable years beginning after 12/31/2024.

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

