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June 27, 2022

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2022-03

RE: Act 115, Session Laws of Hawaii 2022, Relating to the General Fund;
Income Tax Refunds

Background

On June 22, 2022, S.B. 514, S.D. 1, H.D. 1, C.D. 2, was approved by Governor David Y. Ige and became Act 115, Session Laws of Hawaii 2022 (Act 115). Act 115 is the law by which the excess general fund revenues are allocated or expended as required by Article VII, Section 6, of the Hawaii State Constitution.

Article VII, Section 6, of the Hawaii State Constitution requires the Legislature to allocate or expend excess general fund revenues whenever the State general fund balance at the close of each of two successive fiscal years exceeds five percent of general fund revenues for each of the two fiscal years. When these conditions are met, in the next Regular Session, the Legislature must allocate or expend the excess general fund revenues by:

- Providing a tax refund or tax credit to the taxpayers of the State, as provided by law;
- Make a deposit into one or more funds, as provided by law, which shall serve as temporary supplemental sources of funding for the State in times of an emergency, economic downturn, or unforeseen reduction in revenue, as provided by law; or
- Appropriate general funds for the pre-payment of either or both of the following, as provided by law:
 - Debt service for general obligation bonds issued by the State; or
 - Pension or other post-employment benefit liabilities accrued for state employees.

Act 115 provides an income tax refund to every qualifying resident individual taxpayer of the State, makes a deposit of \$500 million into the Emergency and Budget Reserve Fund established under Hawaii Revised Statutes (HRS) section 328L-3, and makes a deposit of \$300 million into the Pension Accumulation Fund established under HRS section 88-114. The purpose of this Announcement is to provide information regarding the Act 115 income tax refunds.

Act 115 Income Tax Refunds (Act 115 refunds)

Act 115 refunds are available to all qualifying resident taxpayers who file a 2021 Resident Tax Return (Form N-11) on or before December 31, 2022. The amount of the refund is calculated by multiplying the number of exemptions that a taxpayer is eligible to claim by \$100 or \$300 depending on the taxpayer's federal adjusted gross income (federal AGI). For purposes of the refund, multiple refunds are not allowed based on age or deficiencies in vision, hearing, or other disability. In addition, married couples filing separate tax returns for the 2021 taxable year are only eligible for the refund that they would have been eligible for had a joint return been filed. The following table contains the federal AGI thresholds and corresponding refund amounts broken down by filing status.

Filing Status	Federal Adjusted Gross Income	Refund Per Exemption (Person)
Single	Under \$100,000	\$300
	\$100,000 and over	\$100
Head of Household	Under \$100,000	\$300
	\$100,000 and over	\$100
Married Filing Joint	Under \$200,000	\$300
	\$200,000 and over	\$100
Married Filing Separate (Both spouses combined)	Under \$200,000*	\$300
	\$200,000 and over*	\$100
Surviving Spouse / Qualified Widow(er)	Under \$200,000	\$300
	\$200,000 and over	\$100

*These federal AGI thresholds for married filing separate filers are combined for both spouses. These filers are eligible for the amount of refund they would be eligible for if they have filed jointly.

Taxpayers who were issued a refund by direct deposit to their bank account for the 2021 tax year will receive the Act 115 refund deposited directly to the same bank account. All other taxpayers, including those who received a paper check refunds and those who reported additional taxes due on their return, will receive their Act 115 refund by paper check.

The Department will process the Act 115 refunds based on the order in which taxpayers filed their 2021 Form N-11. The Department anticipates that it will begin issuing Act 115 refunds during the last week of August. Please note that, as with all other refunds issued by the Department, Act 115 refunds issued by paper check will take approximately 3-4 weeks longer to process than refunds issued electronically. The Department is unable to change the method by which the Act 115 refunds are issued.

Taxpayers who filed their 2021 Form N-11 before July 1, 2022 and are receiving their Act 115 refund electronically may expect their refund to be deposited by the end of September. Taxpayers who filed their 2021 Form N-11 before July 1, 2022 and are receiving the Act 115 refund by paper check may expect their refund to be issued by the end of October.

The Department will provide more information as it becomes available. Please do not call about the status of an Act 115 refund until the expected issuance date has passed.

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