

ARPA and Hawaii Tax Credits

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Fiscal Stimulus Credits

Direct Budgetary Support from Feds is larger than FY20-21 revenue short fall

Budgetary shortfall was \$ 1.4B

	FY 2020	FY 2021	FY 21-22
1/7/2020 Forecast	\$ 7,434,603 4.1%	\$7,731,988 4.0%	\$15,166,591 3.5%
5/25/2021 Forecast	\$ 6,694,808 -6.3%	\$ 7,029,548 5.0%	\$ 13,724,356 4%
Difference	\$ (739,795)	\$ (702,439)	\$ (1,442,235)

Hawaii will receive \$2.9B in direct budgetary support. This does not include Federal support to specific agencies like DoH, DoE, etc.)

Federal Act	Amount
CARES Act	\$1,250,000
ARPA	\$1,632,173
Total	\$2,882,173

American Rescue Plan Act Funds going directly to Hawaii Taxpayers

Income Group	Tax Change 1000's	Average Tax Change	Tax Change as % of Income	Share of Tax Change	Share with Tax Cuts	Avg Change for Those w/Tax Cuts	Adults Helped		Children Helped	
							Number	% of Total	Number	% of Total
Stimulus Checks	-\$1,689,700	-\$2,330	-2.8%	100%	88.3%	\$ -2,640	903,100	88%	332,400	88%
Child Tax Credits	-\$480,100	-\$660	-0.8%	100%	22.8%	\$ -2,900	278,800	27%	308,100	82%
EITC Exemption	-\$58,300	-\$80	-0.1%	100%	11.2%	\$ -710	92,500	9%	0	0%
Total	-\$2,228,100									

Source: Institute on Taxation and Economic Policy

Tax Credits

2018 Tax Credits

- 1) Renewable Energy Credit and Film Credit are two largest tax credits

Figure 4
Amount of Tax Credits by Purpose of the Tax Credit in Tax Year 2018

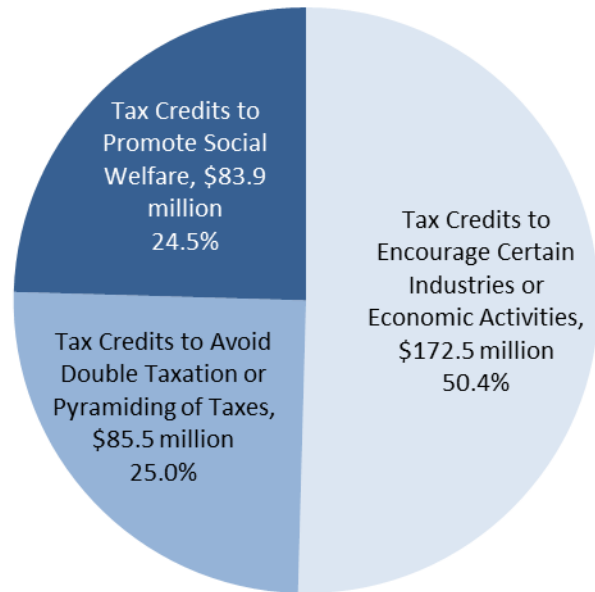


Table 4
Distribution of Tax Credits in Tax Year 2018

	Amount (in \$1,000)	% of Total
Total, All Tax Credits	\$341,928	100.0
Active Tax Credits		
Tax Credits to Promote Social Welfare		
Refundable Food Excise Tax Credit (Food/Excise)	\$28,413	8.3
Tax Credit for Low-Income Household Renters	\$2,132	0.6
Tax Credit for Child and Dependent Care Expenses	\$9,043	2.6
Tax Credit for Child Passenger Restraint Systems	\$61	0.0
Tax Credit for Employment of Vocational Rehabilitation Referrals	<i>d</i>	<i>d</i>
Low-Income Housing Tax Credit	\$28,643	8.4
Tax Credit for School Repair and Maintenance	<i>d</i>	<i>d</i>
Earned Income Tax Credit	\$15,583*	4.6
Lifeline Telephone Service Tax Credit	\$34	0.0
Tax Credits to Encourage Certain Industries or Economic Activities		
Fuel Tax Credit for Commercial Fishers	\$372	0.1
Motion Picture, Digital Media, and Film Production Income Tax Credit	\$80,228	23.5
Renewable Energy Technologies Income Tax Credit	\$70,497	20.6
Enterprise Zone Tax Credit	\$1,127	0.3
Important Agricultural Land Qualified Agricultural Cost Tax Credit	<i>d</i>	<i>d</i>
Tax Credit for Research Activities	\$2,373	0.7
Capital Infrastructure Tax Credit	\$1,907	0.6
Cesspool Upgrade, Conversion or Connection Income Tax Credit	\$219	0.1
Renewable Fuels Production Tax Credit	\$330	0.1
Organic Foods Production Tax Credit	\$14	0.0
Tax Credits to Avoid Double Taxation or Pyramiding of Taxes		
Capital Goods Excise Tax Credit	\$34,080	10.0
Income Tax Paid to Another State or Foreign Country	\$51,460	15.0
Expired Tax Credits		
Tax Credits to Promote Social Welfare		
Individual Development Account Contribution Tax Credit	-	-
Tax Credits to Encourage Certain Industries or Economic Activities		
High Technology Business Investment Tax Credit	\$12,344	3.6
Energy Conservation Tax Credit*	**	**
Hotel Construction and Remodeling Tax Credit	<i>d</i>	<i>d</i>
Technology Infrastructure Renovation Tax Credit	<i>d</i>	<i>d</i>
Residential Construction and Remodeling Tax Credit	\$206	0.1

Most tax credits are claimed by individuals, but corporates have more tax liability reduced

Figure 1
Distribution of Tax Credit Amounts by Taxpayer Type in Tax Year 2018

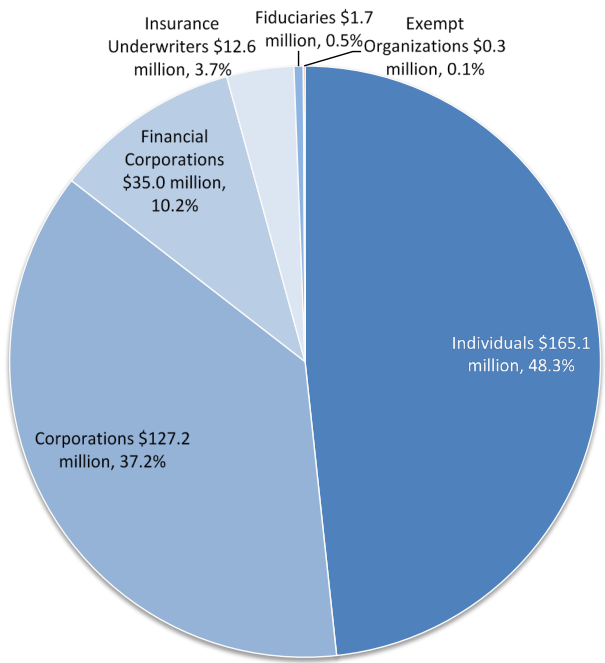


Figure 2
Amount of Tax Credits as a Proportion of Total Tax Liability by Taxpayer Type in Tax Year 2018

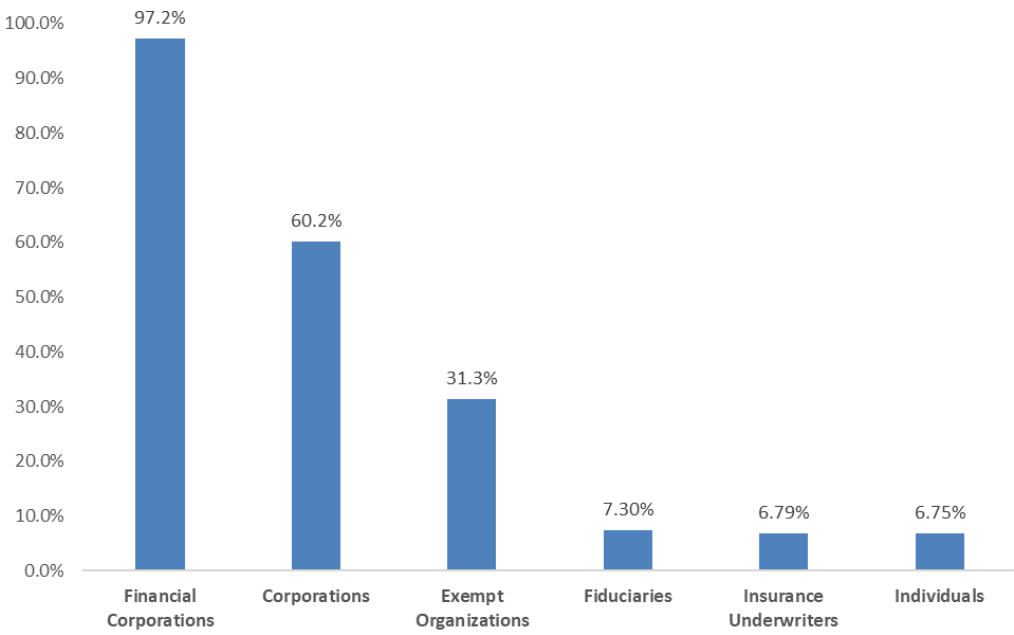
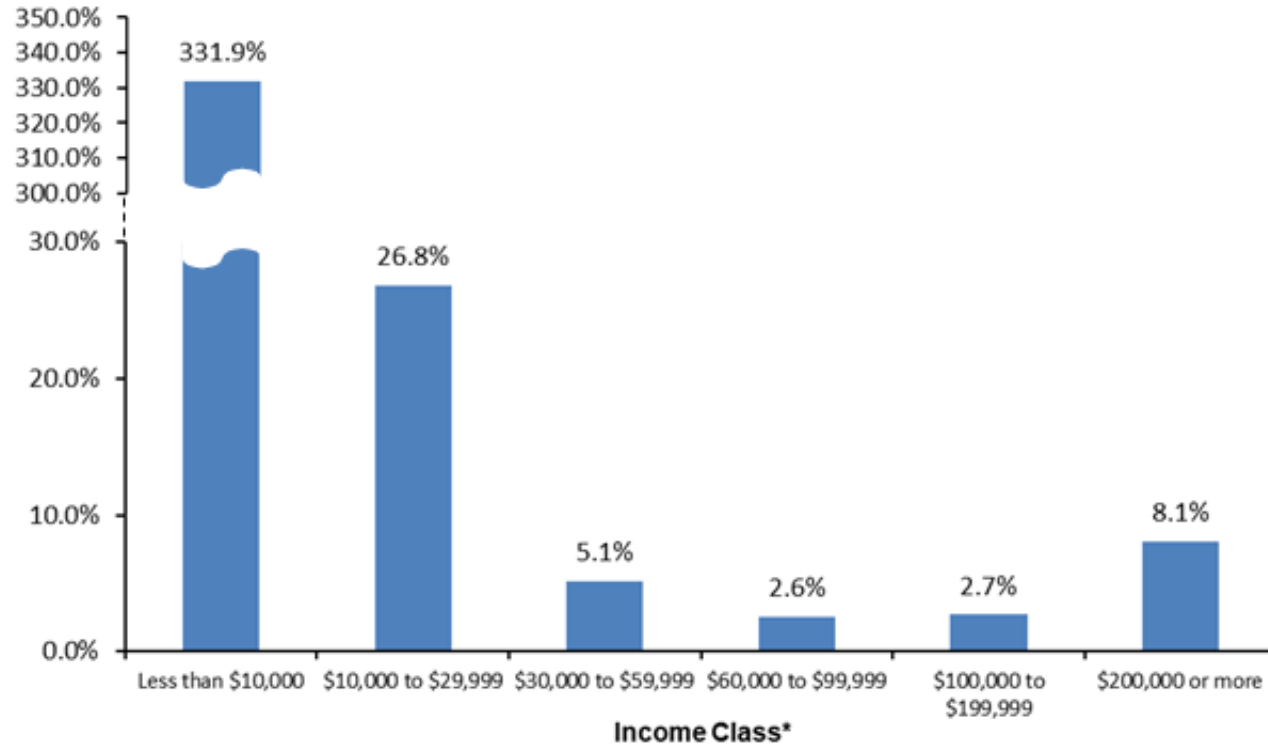


Figure 3 Amount of Tax Credits Claimed by Individuals as a Proportion of Their Total Tax Liability by Income Class in Tax Year 2018



* Income class is measured using Hawaii AGI for Form N-11 and total AGI for Form N-15.

Tax credits lower liability most for lower income taxpayers

Data Portals

[Tax Credits Claimed By Hawaii Taxpayers](#)

[General Excise Tax Exemptions](#)