
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Section 237-24.3, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§237-24.3 Additional amounts not taxable.** In addition to
4 the amounts not taxable under section 237-24, this chapter shall
5 not apply to:

6 (1) Amounts received from the loading, transportation, and
7 unloading of agricultural commodities shipped for a
8 producer or produce dealer on one island of this State
9 to a person, firm, or organization on another island
10 of this State. The terms "agricultural commodity",
11 "producer", and "produce dealer" shall be defined in
12 the same manner as they are defined in section 147-1;
13 provided that agricultural commodities need not have
14 been produced in the State;

15 (2) Amounts received from sales of:

16 (A) Intoxicating liquor as the term "liquor" is
17 defined in chapter 244D;



1 (B) Cigarettes and tobacco products as defined in
2 chapter 245; and

3 (C) Agricultural, meat, or fish products;
4 to any person or common carrier in interstate or
5 foreign commerce, or both, whether ocean-going or air,
6 for consumption out-of-state on the shipper's vessels
7 or airplanes;

8 (3) Amounts received by the manager or board of directors
9 of:

10 (A) An association of apartment owners of a
11 condominium property regime established in
12 accordance with chapter 514B; or

13 (B) A nonprofit homeowners or community association
14 incorporated in accordance with chapter 414D or
15 any predecessor thereto and existing pursuant to
16 covenants running with the land,
17 in reimbursement of sums paid for common expenses;

18 (4) Amounts received or accrued from:

19 (A) The loading or unloading of cargo from ships,
20 barges, vessels, or aircraft, whether or not the
21 ships, barges, vessels, or aircraft travel

1 between the State and other states or countries
2 or between the islands of the State;

3 (B) Tugboat services including pilotage fees
4 performed within the State, and the towage of
5 ships, barges, or vessels in and out of state
6 harbors, or from one pier to another; and

7 (C) The transportation of pilots or governmental
8 officials to ships, barges, or vessels offshore;
9 rigging gear; checking freight and similar
10 services; standby charges; and use of moorings
11 and running mooring lines;

12 (5) Amounts received by an employee benefit plan by way of
13 contributions, dividends, interest, and other income;
14 and amounts received by a nonprofit organization or
15 office, as payments for costs and expenses incurred
16 for the administration of an employee benefit plan;
17 provided that this exemption shall not apply to any
18 gross rental income or gross rental proceeds received
19 after June 30, 1994, as income from investments in
20 real property in this State; and provided further that
21 gross rental income or gross rental proceeds from
22 investments in real property received by an employee



1 benefit plan after June 30, 1994, under written
2 contracts executed prior to July 1, 1994, shall not be
3 taxed until the contracts are renegotiated, renewed,
4 or extended, or until after December 31, 1998,
5 whichever is earlier. For the purposes of this
6 paragraph, "employee benefit plan" means any plan as
7 defined in section 1002(3) of title 29 of the United
8 States Code, as amended;

9 (6) Amounts received for purchases made with United States
10 Department of Agriculture food coupons under the
11 federal food stamp program, and amounts received for
12 purchases made with United States Department of
13 Agriculture food vouchers under the Special
14 Supplemental Foods Program for Women, Infants and
15 Children;

16 (7) Amounts received for the provision of medical services
17 and amounts received by a hospital, infirmary, medical
18 clinic, health care facility, pharmacy, or a
19 practitioner licensed to administer the drug to an
20 individual for selling prescription drugs or
21 prosthetic devices to an individual; provided that
22 this paragraph shall not apply to any amounts received



1 for services provided in selling prescription drugs or
2 prosthetic devices. As used in this paragraph:

3 (A) "Prescription drugs" are those drugs defined
4 under section 328-1 and dispensed by filling or
5 refilling a written or oral prescription by a
6 practitioner licensed under law to administer the
7 drug and sold by a licensed pharmacist under
8 section 328-16 or practitioners licensed to
9 administer drugs; ~~and~~

10 (B) "Prosthetic device" means any artificial device
11 or appliance, instrument, apparatus, or
12 contrivance, including their components, parts,
13 accessories, and replacements thereof, used to
14 replace a missing or surgically removed part of
15 the human body, which is prescribed by a licensed
16 practitioner of medicine, osteopathy, or podiatry
17 and which is sold by the practitioner or which is
18 dispensed and sold by a dealer of prosthetic
19 devices; provided that "prosthetic device" shall
20 not mean any auditory, ophthalmic, dental, or
21 ocular device or appliance, instrument,
22 apparatus, or contrivance; and



1 (C) "Medical services" means medical services
2 provided by licensed health care providers that
3 are necessary to treat a person's medical or
4 health condition, including physicians' visits
5 and consultations; provided that "medical
6 services" shall not include cosmetic surgery or
7 cosmetic care, plastic surgery, and cosmetic
8 dentistry unless the costs and expenses from such
9 medical services qualify as a deduction under
10 Section 213 of the Internal Revenue Code of 1986,
11 as amended;

12 (8) Taxes on transient accommodations imposed by chapter
13 237D and passed on and collected by operators holding
14 certificates of registration under that chapter;

15 (9) Amounts received as dues by an unincorporated
16 merchants association from its membership for
17 advertising media, promotional, and advertising costs
18 for the promotion of the association for the benefit
19 of its members as a whole and not for the benefit of
20 an individual member or group of members less than the
21 entire membership;



1 (10) Amounts received by a labor organization for real
2 property leased to:

3 (A) A labor organization; or

4 (B) A trust fund established by a labor organization
5 for the benefit of its members, families, and
6 dependents for medical or hospital care, pensions
7 on retirement or death of employees,
8 apprenticeship and training, and other membership
9 service programs.

10 As used in this paragraph, "labor organization" means
11 a labor organization exempt from federal income tax
12 under section 501(c)(5) of the Internal Revenue Code,
13 as amended;

14 (11) Amounts received from foreign diplomats and consular
15 officials who are holding cards issued or authorized
16 by the United States Department of State granting them
17 an exemption from state taxes; and

18 (12) Amounts received as rent for the rental or leasing of
19 aircraft or aircraft engines used by the lessees or
20 renters for interstate air transportation of
21 passengers and goods. For purposes of this paragraph,
22 payments made pursuant to a lease shall be considered

1 rent regardless of whether the lease is an operating
2 lease or a financing lease. The definition of
3 "interstate air transportation" is the same as in 49
4 U.S.C. 40102."

5 SECTION 2. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 3. This Act shall take effect on July 1, 2006, and
8 shall apply to taxable years beginning after December 31, 2005.



HB 1915 HD1

Report Title:

General Excise Tax Exemption; Medical Services

Description:

Exempts amounts received for medical services, with certain exceptions, from general excise tax assessments (HB1915 HD1).

HB1915 HD1 HMS 2006-1669

