
A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAX.

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

1 SECTION 1. Chapter 237, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§237- Certification of persons with impaired sight or
5 hearing, or who are totally disabled. (a) A person claiming
6 impairment of sight under section 237-17 shall be certified on
7 the basis of a written report after an examination performed by
8 a qualified ophthalmologist or qualified optometrist.

9 (b) A person claiming impairment of hearing under section
10 237-17 shall be certified by a qualified otolaryngologist or a
11 licensed audiologist under chapter 468E.

12 (c) A person claiming total disability under section
13 237-17 shall be certified by:

14 (1) A physician licensed under chapter 453 or 460;

15 (2) A qualified out-of-state physician who is licensed to
16 practice in the state in which the physician resides;

17 or



1 (3) A commissioned medical officer in the United States
2 Army, Air Force, Navy, Marine Corps, or Public Health
3 Service, engaged in the discharge of official duty.

4 (d) Certification shall be on forms prescribed by the
5 department."

6 SECTION 2. Section 237-1, Hawaii Revised Statutes, is
7 amended by adding three new definitions to be appropriately
8 inserted and to read as follows:

9 "Blind" means a person whose central visual acuity does
10 not exceed 20/200 in the better eye with correcting lenses, or
11 whose visual acuity is greater than 20/200 but is accompanied by
12 a limitation in the field of vision such that the widest
13 diameter of the visual field subtends an angle no greater than
14 twenty degrees.

15 "Deaf" means a person whose average loss in the speech
16 frequencies (500-2000 Hertz) in the better ear is eighty-two
17 decibels, A.S.A., or worse.

18 "Totally disabled" means a person who is totally and
19 permanently disabled, physically or mentally, which results in
20 the person's inability to engage in any substantial gainful
21 business or occupation."

1 SECTION 3. Section 237-17, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§237-17 Persons with impaired sight~~[7]~~ or hearing, or who**
4 **are totally disabled.** (a) Anything in section 237-13 to the
5 contrary notwithstanding, the privilege tax levied, assessed,
6 and collected on account of the business or other activities of
7 ~~individuals~~:

8 (1) Individuals who are blind, deaf, or totally disabled~~[7]~~
9 ~~corporations~~;

10 (2) Corporations, all of whose outstanding shares are
11 owned by individuals who are blind, deaf, or totally
12 disabled~~[7-general]~~;

13 (3) General, limited, or limited liability partnerships,
14 all of whose partners are blind, deaf, or totally
15 disabled~~[7-or limited]~~;

16 (4) Limited liability companies, all of whose members are
17 blind, deaf, or totally disabled~~[7]~~; or

18 (5) Trusts established for the sole benefit of an
19 individual or individuals who are blind, deaf, or
20 totally disabled,

21 shall not exceed one-half of one per cent of the proceeds,
22 sales, income, or other receipts subject to tax.

1 (9) Taxes on liquor imposed by chapter 244D on dealers
2 holding permits under that chapter;

3 (10) The amounts of taxes on cigarettes and tobacco
4 products imposed by chapter 245 on wholesalers or
5 dealers holding licenses under that chapter and
6 selling the products at wholesale;

7 (11) Federal excise taxes imposed on articles sold at
8 retail and collected from the purchasers thereof and
9 paid to the federal government by the retailer;

10 (12) The amounts of federal taxes under chapter 37 of the
11 Internal Revenue Code, or similar federal taxes,
12 imposed on sugar manufactured in the State, paid by
13 the manufacturer to the federal government;

14 (13) An amount up to, but not in excess of, \$2,000 a year
15 of gross income received by [~~any~~]:

16 (A) Any blind, deaf, or totally disabled person
17 engaging, or continuing, in any business, trade,
18 activity, occupation, or calling within the
19 State; [~~a~~]

20 (B) A corporation all of whose outstanding shares are
21 owned by an individual or individuals who are
22 blind, deaf, or totally disabled; [~~a~~]

1 (C) No stockholder of which is entitled (either
2 conditionally or unconditionally) to receive any
3 distribution not out of earnings and profits of
4 the corporation except in a complete or partial
5 liquidation of the corporation."

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

8 SECTION 6. This Act, upon its approval, shall apply to
9 taxable years beginning after December 31, 2005.

Report Title:

Excise Tax; Trusts; Blind, Deaf, or Totally Disabled Individual

Description:

Exempts up to \$2,000 a year of gross income for trusts that benefit a blind, deaf, or totally disabled individual, and taxes income in excess of the exemption at 0.5% rate. (SD1)

