

JAN 25 2006

A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAX.

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

1 SECTION 1. Section 237-24, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§237-24 Amounts not taxable.** This chapter shall not
4 apply to the following amounts:

5 (1) Amounts received under life insurance policies and
6 contracts paid by reason of the death of the insured;

7 (2) Amounts received (other than amounts paid by reason of
8 death of the insured) under life insurance, endowment,
9 or annuity contracts, either during the term or at
10 maturity or upon surrender of the contract;

11 (3) Amounts received under any accident insurance or
12 health insurance policy or contract or under workers'
13 compensation acts or employers' liability acts, as
14 compensation for personal injuries, death, or
15 sickness, including also the amount of any damages or
16 other compensation received, whether as a result of
17 action or by private agreement between the parties on
18 account of the personal injuries, death, or sickness;



- 1 (4) The value of all property of every kind and sort
2 acquired by gift, bequest, or devise, and the value of
3 all property acquired by descent or inheritance;
- 4 (5) Amounts received by any person as compensatory damages
5 for any tort injury to the person, or to the person's
6 character reputation, or received as compensatory
7 damages for any tort injury to or destruction of
8 property, whether as the result of action or by
9 private agreement between the parties (provided that
10 amounts received as punitive damages for tort injury
11 or breach of contract injury shall be included in
12 gross income);
- 13 (6) Amounts received as salaries or wages for services
14 rendered by an employee to an employer;
- 15 (7) Amounts received as alimony and other similar payments
16 and settlements;
- 17 (8) Amounts collected by distributors as fuel taxes on
18 "liquid fuel" imposed by chapter 243, and the amounts
19 collected by such distributors as a fuel tax imposed
20 by any Act of the Congress of the United States;
- 21 (9) Taxes on liquor imposed by chapter 244D on dealers
22 holding permits under that chapter;



- 1 (10) The amounts of taxes on cigarettes and tobacco
- 2 products imposed by chapter 245 on wholesalers or
- 3 dealers holding licenses under that chapter and
- 4 selling the products at wholesale;
- 5 (11) Federal excise taxes imposed on articles sold at
- 6 retail and collected from the purchasers thereof and
- 7 paid to the federal government by the retailer;
- 8 (12) The amounts of federal taxes under chapter 37 of the
- 9 Internal Revenue Code, or similar federal taxes,
- 10 imposed on sugar manufactured in the State, paid by
- 11 the manufacturer to the federal government;
- 12 (13) An amount up to, but not in excess of, \$2,000 a year
- 13 of gross income received by any blind, deaf, or
- 14 totally disabled person engaging, or continuing, in
- 15 any business, trade, activity, occupation, or calling
- 16 within the State; a corporation all of whose
- 17 outstanding shares are owned by an individual or
- 18 individuals who are blind, deaf, or totally disabled;
- 19 a general, limited, or limited liability partnership,
- 20 all of whose partners are blind, deaf, or totally
- 21 disabled; or a limited liability company, all of whose
- 22 members are blind, deaf, or totally disabled;

1 (14) Amounts received by a producer of sugarcane from the
2 manufacturer to whom the producer sells the sugarcane,
3 where:

4 (A) The producer is an independent cane farmer, so
5 classed by the Secretary of Agriculture under the
6 Sugar Act of 1948 (61 Stat. 922, Chapter 519) as
7 the Act may be amended or supplemented;

8 (B) The value or gross proceeds of sale of the sugar,
9 and other products manufactured from the
10 sugarcane, is included in the measure of the tax
11 levied on the manufacturer under section 237-
12 13(1) or (2);

13 (C) The producer's gross proceeds of sales are
14 dependent upon the actual value of the products
15 manufactured therefrom or the average value of
16 all similar products manufactured by the
17 manufacturer; and

18 (D) The producer's gross proceeds of sales are
19 reduced by reason of the tax on the value or sale
20 of the manufactured products;



- 1 (15) Money paid by the State or eleemosynary child-placing
2 organizations to foster parents for their care of
3 children in foster homes; [~~and~~]
- 4 (16) Amounts received by a cooperative housing corporation
5 from its shareholders in reimbursement of funds paid
6 by such corporation for lease rental, real property
7 taxes, and other expenses of operating and maintaining
8 the cooperative land and improvements; provided that
9 such a cooperative corporation is a corporation:
- 10 (A) Having one and only one class of stock
11 outstanding;
- 12 (B) Each of the stockholders of which is entitled
13 solely by reason of the stockholder's ownership
14 of stock in the corporation, to occupy for
15 dwelling purposes a house, or an apartment in a
16 building owned or leased by the corporation; and
- 17 (C) No stockholder of which is entitled (either
18 conditionally or unconditionally) to receive any
19 distribution not out of earnings and profits of
20 the corporation except in a complete or partial
21 liquidation of the corporation[~~-~~]; and



1 (17) Amounts received for food purchases from participants
2 in the "WIC" supplemental food program for women,
3 infants, and children under age five. The department
4 of taxation may adopt rules pursuant to chapter 91 to
5 effectuate this paragraph including requiring proof of
6 eligibility and prescribing necessary forms."

7 SECTION 2. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 3. This Act, upon its approval, shall apply to
10 taxable years beginning after December 31, 2005.

11

INTRODUCED BY: *Shianne Chun Cleveland*



Report Title:

General Excise Tax; WIC; Supplemental Foods

SB. NO. 3213

Description:

Provides a general excise tax exemption for amounts received for food purchases from participants in the "WIC" supplemental food program for women, infants, and children under age 5.

