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# A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAX.

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

1           SECTION 1. The legislature finds that SMG is the operator  
2 under contract with the Hawaii tourism authority to operate the  
3 Hawaii convention center. As such, the operator is paid only  
4 \$500,000 to operate and market the Hawaii convention center but  
5 recently received \$16,000,000 in advances for the costs of  
6 operating and marketing the Hawaii convention center. The  
7 department of taxation considers the reimbursement of the  
8 \$16,000,000 in costs and advances to the operator as gross  
9 income on which the general excise tax is to be levied, in the  
10 amount of \$700,000, because the operator receives additional  
11 monetary consideration in the form of the \$500,000 payment. In  
12 effect, this means that \$700,000 of the costs and advances  
13 cannot be used for operating and marketing the Hawaii convention  
14 center. However, pursuant to section 201B-8(b), Hawaii Revised  
15 Statutes, the costs and advances for the operation and marketing  
16 of the Hawaii convention center is an obligation of the  
17 convention center enterprise special fund and not compensation  
18 for personal services to the operator.



1           Accordingly, the purpose of this Act is to exempt from the  
2 general excise tax, amounts received by the operator of the  
3 Hawaii convention center for reimbursement of costs or advances  
4 made pursuant to contract with the Hawaii tourism authority.

5           SECTION 2. Section 237-24.75, Hawaii Revised Statutes, is  
6 amended to read as follows:

7           "~~§~~**237-24.75**~~§~~ **Additional exemptions.** In addition to  
8 the amounts exempt under section 237-24, this chapter shall not  
9 apply to amounts:

- 10           (1) Amounts received as a beverage container deposit
- 11                     collected under chapter 342G, part VIII~~[-]~~; and
- 12           (2) Amounts received by the operator of the Hawaii
- 13                     convention center for reimbursement of costs or
- 14                     advances made pursuant to a contract with the Hawaii
- 15                     tourism authority under section 201B-7."

16           SECTION 3. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

18           SECTION 4. This Act shall take effect on July 1, 2030.



**Report Title:**

General Excise Tax; Hawaii Convention Center Operation

**Description:**

Exempts from the general excise tax amounts received by the operator of the Hawaii convention center for reimbursement of costs or advances made pursuant to a contract with the Hawaii tourism authority. (SB678 HD1)

