



GOV. MSG. NO. 637

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

April 15, 2008

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fourth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

This is to inform you that on April 15, 2008, the following bill was signed into law:

SB2399

A BILL FOR AN ACT RELATING TO STATUTORY
REVISION: AMENDING OR REPEALING VARIOUS
PROVISIONS OF THE HAWAII REVISED STATUTES
AND THE SESSION LAWS OF HAWAII FOR THE
PURPOSE OF CORRECTING ERRORS AND
REFERENCES, CLARIFYING LANGUAGE, AND
DELETING OBSOLETE OR UNNECESSARY
PROVISIONS.
(ACT 16)

Sincerely,



LINDA LINGLE

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A BILL FOR AN ACT

RELATING TO STATUTORY REVISION: AMENDING OR REPEALING VARIOUS PROVISIONS OF THE HAWAII REVISED STATUTES AND THE SESSION LAWS OF HAWAII FOR THE PURPOSE OF CORRECTING ERRORS AND REFERENCES, CLARIFYING LANGUAGE, AND DELETING OBSOLETE OR UNNECESSARY PROVISIONS.

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

1 SECTION 1. Section 10-27, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[+]§10-27[+] Covenants in resolution authorizing revenue
4 bonds. Any resolution or resolutions authorizing the issuance
5 of revenue bonds under this part may contain covenants as to:

6 (1) The purpose or purposes to which the proceeds of the
7 sale of revenue bonds may be applied; the use and
8 disposition of such proceeds; the investment thereof
9 pending such use and disposition; and the use and
10 disposition of the income from such investment;

11 (2) The use and disposition of the revenue of the office
12 project or projects for the construction or
13 maintenance of which the revenue bonds are issued are
14 to be included; the use and disposition of the revenue
15 of all office projects, and of the revenues of the
16 office, including the creation and maintenance of



1 reserves; the investment of such revenues and of the
2 moneys in such reserves; and the use and disposition
3 of the income from such investments;

4 (3) The minimum amount of revenues to be produced by the
5 office projects or the office, over and above the
6 amount required to be produced by the first sentence
7 and paragraphs (1) to (3) of section 10-31;

8 (4) The use and disposition of the proceeds of the sale of
9 any office project, or part thereof;

10 (5) The construction and maintenance of any office project
11 other than the office project or projects for the
12 construction or maintenance of which revenue bonds are
13 issued;

14 (6) The issuance of other or additional revenue bonds
15 payable either from the revenue of the office project
16 or projects for the construction or maintenance of
17 which the revenue bonds are issued or the revenue of
18 the office or payable from the revenue of other office
19 projects;

20 (7) The maintenance of the office project, including the
21 creation by the board of such supervisory positions,
22 which shall not be subject to chapter 76, as are



1 necessary to facilitate the issuance of revenue bonds
2 by ensuring the adequacy of revenues;

3 (8) The insurance to be carried on office projects and the
4 use and disposition of insurance moneys;

5 (9) Books of account and inspection and audit thereof;

6 (10) A procedure by which the terms and conditions of the
7 bond resolution or indenture may be subsequently
8 amended or modified with the consent of the board, the
9 vote or written assent of the holders of bonds or any
10 proportion of the [~~holder,~~] holders, or any trustee
11 thereof; and

12 (11) The terms and conditions upon which the holders of
13 bonds evidencing the obligation to repay loans, or any
14 proportion of the holders, or any trustee thereof,
15 shall be entitled to the appointment of a receiver by
16 any court of competent jurisdiction, which court shall
17 have jurisdiction in such proceedings, and which
18 receiver may enter and take possession of the office
19 project or projects, maintain them, prescribe rents,
20 fees, and charges, and collect, receive, and apply all
21 revenue thereafter arising therefrom in the same
22 manner as the board itself might do, but the receiver



1 shall have no power, nor be granted any power, to
2 utilize, or permit the utilization of, any office
3 project other than in a manner consistent with and in
4 furtherance of the purposes of the office.

5 This part and any such resolution or resolutions shall be a
6 contract with the holders of bonds issued under this part, and
7 the duties of the board and any such resolution or resolutions
8 shall be enforceable by any bondholder by mandamus or other
9 appropriate suit, action, or proceeding in any court of
10 competent jurisdiction."

11 SECTION 2. Section 11-191, Hawaii Revised Statutes, is
12 amended by amending the definition of "expenditure" to read as
13 follows:

14 ""Expenditure":

15 (1) Means:

16 (A) Any purchase or transfer of money or anything of
17 value, or promise or agreement to purchase or
18 transfer money or anything of value, or payment
19 incurred or made, or the use or consumption of a
20 nonmonetary contribution for the purpose of:

21 (i) Influencing the nomination for election, or
22 election, of any person seeking nomination



1 for election, or election, to office whether
2 or not the person has filed the person's
3 nomination paper;

4 (ii) Influencing the outcome of any question or
5 issue that has been certified to appear on
6 the ballot at the next applicable election;
7 or

8 (iii) Use by any party or committee for the
9 purposes set out in clause (i) or (ii);

10 (B) The payment, by any person other than a candidate
11 or committee, of compensation for the personal
12 services of another person that are rendered to
13 the candidate or committee for any of the
14 purposes mentioned in subparagraph (A); or

15 (C) The expenditure by a candidate of the candidate's
16 own funds for the purposes set out in
17 [+]subparagraph (A) [+].

18 The term does not include volunteer personal services
19 and voter registration efforts that are not partisan.

20 (2) Does not include an individual or committee engaging
21 in internet activities for the purpose of influencing
22 an election if:



1 (A) The individual or committee is uncompensated for
2 internet activities; or

3 (B) The individual or committee uses equipment or
4 services for uncompensated internet activities,
5 regardless of who owns the equipment and
6 services.

7 For purposes of this paragraph, "internet activities"
8 includes sending or forwarding electronic messages;
9 providing a hyperlink or other direct access to
10 another person's website; blogging; creating,
11 maintaining, or hosting a website; paying a nominal
12 fee for the use of another person's website; and any
13 other form of communication distributed over the
14 Internet.

15 For purposes of this paragraph, "equipment and
16 services" includes computers, software, internet
17 domain names, internet service providers, and any
18 other technology that is used to provide access to or
19 use of the Internet.

20 This paragraph does not apply to any payment for an
21 advertisement other than a nominal fee; the purchase
22 or rental of an e-mail address list made at the



1 direction of a committee; or an e-mail address list
2 that is transferred to a committee."

3 SECTION 3. Section 28-8.3, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) No department of the State other than the attorney
6 general may employ or retain any attorney, by contract or
7 otherwise, for the purpose of representing the State or the
8 department in any litigation, rendering legal counsel to the
9 department, or drafting legal documents for the department;
10 provided that the foregoing provision shall not apply to the
11 employment or retention of attorneys:

12 (1) By the public utilities commission, the labor and
13 industrial relations appeals board, and the Hawaii
14 labor relations board;

15 (2) By any court or judicial or legislative office of the
16 State;

17 (3) By the legislative reference bureau;

18 (4) By any compilation commission that may be constituted
19 from time to time;

20 (5) By the real estate commission for any action involving
21 the real estate recovery fund;



- 1 (6) By the contractors license board for any action
- 2 involving the contractors recovery fund;
- 3 (7) By the trustees for any action involving the travel
- 4 agency recovery fund;
- 5 (8) By the office of Hawaiian affairs;
- 6 (9) By the department of commerce and consumer affairs for
- 7 the enforcement of violations of chapters 480 and
- 8 ~~[485]~~ 485A;
- 9 (10) As grand jury counsel;
- 10 (11) By the Hawaiian home lands trust individual claims
- 11 review panel;
- 12 (12) By the Hawaii health systems corporation, or its
- 13 regional system boards, or any of their facilities;
- 14 (13) By the auditor;
- 15 (14) By the office of ombudsman;
- 16 (15) By the insurance division;
- 17 (16) By the University of Hawaii;
- 18 (17) By the Kahoolawe island reserve commission;
- 19 (18) By the division of consumer advocacy;
- 20 (19) By the office of elections;
- 21 (20) By the campaign spending commission;



- 1 (21) By the Hawaii tourism authority, as provided in
2 section 201B-2.5; or
- 3 (22) By a department, in the event the attorney general,
4 for reasons deemed by the attorney general good and
5 sufficient, declines, to employ or retain an attorney
6 for a department; provided that the governor thereupon
7 waives the provision of this section."

8 SECTION 4. Section 150A-5.3, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "[+]§150A-5.3[+] **Inspection, quarantine, and eradication**
11 **service fee and charge.** There is imposed a fee for the
12 inspection, quarantine, and eradication of invasive species
13 contained in any marine commercial container shipment, foreign
14 or domestic, that is brought into the State. The fee shall be
15 computed on the basis of \$1 for each twenty-foot equivalent unit
16 per container. The department shall collect the fee at the port
17 of disembarkation and deposit the fee into the pest
18 [+]inspection[+], quarantine, and eradication fund under section
19 150A-4.5."

20 SECTION 5. Section 237-4, Hawaii Revised Statutes, is
21 amended by amending subsection (a) to read as follows:



1 "(a) "Wholesaler" or "jobber" applies only to a person
2 making sales at wholesale. Only the following are sales at
3 wholesale:

4 (1) Sales to a licensed retail merchant, jobber, or other
5 licensed seller for purposes of resale;

6 (2) Sales to a licensed manufacturer of materials or
7 commodities that are to be incorporated by the
8 manufacturer into a finished or saleable product
9 (including the container or package in which the
10 product is contained) during the course of its
11 preservation, manufacture, or processing, including
12 preparation for market, and that will remain in such
13 finished or saleable product in such form as to be
14 perceptible to the senses, which finished or saleable
15 product is to be sold and not otherwise used by the
16 manufacturer;

17 (3) Sales to a licensed producer or cooperative
18 association of materials or commodities that are to be
19 incorporated by the producer or by the cooperative
20 association into a finished or saleable product that
21 is to be sold and not otherwise used by the producer
22 or cooperative association, including specifically



1 materials or commodities expended as essential to the
2 planting, growth, nurturing, and production of
3 commodities that are sold by the producer or by the
4 cooperative association;

5 (4) Sales to a licensed contractor, of materials or
6 commodities that are to be incorporated by the
7 contractor into the finished work or project required
8 by the contract and that will remain in such finished
9 work or project in such form as to be perceptible to
10 the senses;

11 (5) Sales to a licensed producer, or to a cooperative
12 association described in section 237-23(a)(7) for sale
13 to a licensed producer, or to a licensed person
14 operating a feed lot, of poultry or animal feed,
15 hatching eggs, semen, replacement stock, breeding
16 services for the purpose of raising or producing
17 animal or poultry products for disposition as
18 described in section 237-5 or for incorporation into a
19 manufactured product as described in paragraph (2) or
20 for the purpose of breeding, hatching, milking, or egg
21 laying other than for the customer's own consumption
22 of the meat, poultry, eggs, or milk so produced;



1 provided that in the case of a feed lot operator, only
2 the segregated cost of the feed furnished by the feed
3 lot operator as part of the feed lot operator's
4 service to a licensed producer of poultry or animals
5 to be butchered or to a cooperative association
6 described in section 237-23(a)(7) of such licensed
7 producers shall be deemed to be a sale at wholesale;
8 and provided further that any amount derived from the
9 furnishing of feed lot services, other than the
10 segregated cost of feed, shall be deemed taxable at
11 the service business rate. This paragraph shall not
12 apply to the sale of feed for poultry or animals to be
13 used for hauling, transportation, or sports purposes;

- 14 (6) Sales to a licensed producer, or to a cooperative
15 association described in section 237-23(a)(7) for sale
16 to the producer, of seed or seedstock for producing
17 agricultural and aquacultural products, or bait for
18 catching fish (including the catching of bait for
19 catching fish), which agricultural and aquacultural
20 products or fish are to be disposed of as described in
21 section 237-5 or to be incorporated in a manufactured
22 product as described in paragraph (2);



1 (7) Sales to a licensed producer, or to a cooperative
2 association described in section 237-23(a)(7) for sale
3 to such producer; of polypropylene shade cloth; of
4 polyfilm; of polyethylene film; of cartons and such
5 other containers, wrappers, and sacks, and binders to
6 be used for packaging eggs, vegetables, fruits, and
7 other agricultural and aquacultural products; of
8 seedlings and cuttings for producing nursery plants or
9 aquacultural products; or of chick containers; which
10 cartons and such other containers, wrappers, and
11 sacks, binders, seedlings, cuttings, and containers
12 are to be used as described in section 237-5, or to be
13 incorporated in a manufactured product as described in
14 paragraph (2);

15 (8) Sales of tangible personal property[+] where:

16 [~~(A) To a licensed seller engaged in a service~~

17 ~~business or calling; provided that:~~

18 ~~(i) The property is not consumed or incidental~~

19 ~~to the performance of the services;~~

20 ~~(ii) There is a resale of the article at the~~

21 ~~retail rate of four per cent; and~~



1 ~~(iii) The resale of the article is separately~~
2 ~~charged or billed by the person rendering~~
3 ~~the services.~~

4 ~~(B) Where:~~

5 ~~(i)~~ (A) Tangible personal property is sold upon
6 the order or request of a licensed seller for the
7 purpose of rendering a service in the course of
8 the person's service business or calling, or upon
9 the order or request of a person subject to tax
10 under section 237D-2 for the purpose of
11 furnishing transient accommodations;

12 ~~(ii)~~ (B) The tangible personal property
13 becomes or is used as an identifiable element of
14 the service rendered; and

15 ~~(iii)~~ (C) The cost of the tangible personal
16 property does not constitute overhead to the
17 licensed seller;

18 the sale shall be subject to section 237-13.3;

19 ~~or~~

20 ~~(C) Where the taxpayer is subject to both~~
21 ~~subparagraphs (A) and (B), then the taxpayer~~
22 ~~shall be taxed under subparagraph (A).~~



1 ~~Subparagraphs (A) and (C) shall be repealed on~~
2 ~~January 1, 2006];~~

3 (9) Sales to a licensed leasing company of capital goods
4 that have a depreciable life, are purchased by the
5 leasing company for lease to its customers, and are
6 thereafter leased as a service to others;

7 (10) Sales of services to a licensed seller engaging in a
8 business or calling whenever:

9 (A) Either:

10 (i) In the context of a service-to-service
11 transaction, a service is rendered upon the
12 order or request of a licensed seller for
13 the purpose of rendering another service in
14 the course of the seller's service business
15 or calling;

16 (ii) In the context of a service-to-tangible
17 personal property transaction, a service is
18 rendered upon the order or request of a
19 licensed seller for the purpose of
20 manufacturing, producing, or preparing
21 tangible personal property to be sold;



- 1 (iii) In the context of a services-to-contracting
- 2 transaction, a service is rendered upon the
- 3 order or request of a licensed contractor as
- 4 defined in section 237-6 for the purpose of
- 5 assisting that licensed contractor; or
- 6 (iv) In the context of a services-to-transient
- 7 accommodations rental transaction, a service
- 8 is rendered upon the order or request of a
- 9 person subject to tax under section 237D-2
- 10 for the purpose of furnishing transient
- 11 accommodations;
- 12 (B) The benefit of the service passes to the customer
- 13 of the licensed seller, licensed contractor, or
- 14 person furnishing transient accommodations as an
- 15 identifiable element of the other service or
- 16 property to be sold, the contracting, or the
- 17 furnishing of transient accommodations;
- 18 (C) The cost of the service does not constitute
- 19 overhead to the licensed seller, licensed
- 20 contractor, or person furnishing transient
- 21 accommodations;



1 (D) The gross income of the licensed seller is not
2 divided between the licensed seller and another
3 licensed seller, contractor, or person furnishing
4 transient accommodations for imposition of the
5 tax under this chapter;

6 (E) The gross income of the licensed seller is not
7 subject to a deduction under this chapter or
8 chapter 237D; and

9 (F) The resale of the service, tangible personal
10 property, contracting, or transient
11 accommodations is subject to the tax imposed
12 under this chapter at the highest tax rate.

13 Sales subject to this paragraph shall be subject to
14 section 237-13.3;

15 (11) Sales to a licensed retail merchant, jobber, or other
16 licensed seller of bulk condiments or prepackaged
17 single-serving packets of condiments that are provided
18 to customers by the licensed retail merchant, jobber,
19 or other licensed seller;

20 (12) Sales to a licensed retail merchant, jobber, or other
21 licensed seller of tangible personal property that
22 will be incorporated or processed by the licensed



1 retail merchant, jobber, or other licensed seller into
2 a finished or saleable product during the course of
3 its preparation for market (including disposable,
4 nonreturnable containers, packages, or wrappers, in
5 which the product is contained and that are generally
6 known and most commonly used to contain food or
7 beverage for transfer or delivery), and which finished
8 or saleable product is to be sold and not otherwise
9 used by the licensed retail merchant, jobber, or other
10 licensed seller;

11 (13) Sales of amusements subject to taxation under section
12 237-13(4) to a licensed seller engaging in a business
13 or calling whenever:

14 (A) Either:

15 (i) In the context of an amusement-to-service
16 transaction, an amusement is rendered upon
17 the order or request of a licensed seller
18 for the purpose of rendering another service
19 in the course of the seller's service
20 business or calling;

21 (ii) In the context of an amusement-to-tangible
22 personal property transaction, an amusement



1 is rendered upon the order or request of a
2 licensed seller for the purpose of selling
3 tangible personal property; or
4 (iii) In the context of an amusement-to-amusement
5 transaction, an amusement is rendered upon
6 the order or request of a licensed seller
7 for the purpose of rendering another
8 amusement in the course of the person's
9 amusement business;
10 (B) The benefit of the amusement passes to the
11 customer of the licensed seller as an
12 identifiable element of the other service,
13 tangible personal property to be sold, or
14 amusement;
15 (C) The cost of the amusement does not constitute
16 overhead to the licensed seller;
17 (D) The gross income of the licensed seller is not
18 divided between the licensed seller and another
19 licensed seller, person furnishing transient
20 accommodations, or person rendering an amusement
21 for imposition of the tax under chapter 237;



1 (E) The gross income of the licensed seller is not
2 subject to a deduction under this chapter; and
3 (F) The resale of the service, tangible personal
4 property, or amusement is subject to the tax
5 imposed under this chapter at the highest rate.

6 As used in this paragraph, "amusement" means
7 entertainment provided as part of a show for which
8 there is an admission charge. Sales subject to this
9 paragraph shall be subject to section 237-13.3; and

10 (14) Sales by a printer to a publisher of magazines or
11 similar printed materials containing advertisements,
12 when the publisher is under contract with the
13 advertisers to distribute a minimum number of
14 magazines or similar printed materials to the public
15 or defined segment of the public, whether or not there
16 is a charge to the persons who actually receive the
17 magazines or similar printed materials."

18 SECTION 6. Section 237-13, Hawaii Revised Statutes, is
19 amended to read as follows:

20 "§237-13 **Imposition of tax.** There is hereby levied and
21 shall be assessed and collected annually privilege taxes against
22 persons on account of their business and other activities in the



1 State measured by the application of rates against values of
2 products, gross proceeds of sales, or gross income, whichever is
3 specified, as follows:

4 (1) Tax on manufacturers.

5 (A) Upon every person engaging or continuing within
6 the State in the business of manufacturing,
7 including compounding, canning, preserving,
8 packing, printing, publishing, milling,
9 processing, refining, or preparing for sale,
10 profit, or commercial use, either directly or
11 through the activity of others, in whole or in
12 part, any article or articles, substance or
13 substances, commodity or commodities, the amount
14 of the tax to be equal to the value of the
15 articles, substances, or commodities,
16 manufactured, compounded, canned, preserved,
17 packed, printed, milled, processed, refined, or
18 prepared for sale, as shown by the gross proceeds
19 derived from the sale thereof by the manufacturer
20 or person compounding, preparing, or printing
21 them, multiplied by one-half of one per cent.



1 (B) The measure of the tax on manufacturers is the
2 value of the entire product for sale, regardless
3 of the place of sale or the fact that deliveries
4 may be made to points outside the State.

5 (C) If any person liable for the tax on manufacturers
6 ships or transports the person's product, or any
7 part thereof, out of the State, whether in a
8 finished or unfinished condition, or sells the
9 same for delivery to points outside the State
10 (for example, consigned to a mainland purchaser
11 via common carrier f.o.b. Honolulu), the value of
12 the products in the condition or form in which
13 they exist immediately before entering interstate
14 or foreign commerce, determined as hereinafter
15 provided, shall be the basis for the assessment
16 of the tax imposed by this paragraph. This tax
17 shall be due and payable as of the date of entry
18 of the products into interstate or foreign
19 commerce, whether the products are then sold or
20 not. The department shall determine the basis
21 for assessment, as provided by this paragraph, as
22 follows:



1 (i) If the products at the time of their entry
2 into interstate or foreign commerce already
3 have been sold, the gross proceeds of sale,
4 less the transportation expenses, if any,
5 incurred in realizing the gross proceeds for
6 transportation from the time of entry of the
7 products into interstate or foreign
8 commerce, including insurance and storage in
9 transit, shall be the measure of the value
10 of the products;

11 (ii) If the products have not been sold at the
12 time of their entry into interstate or
13 foreign commerce, and in cases governed by
14 clause (i) in which the products are sold
15 under circumstances such that the gross
16 proceeds of sale are not indicative of the
17 true value of the products, the value of the
18 products constituting the basis for
19 assessment shall correspond as nearly as
20 possible to the gross proceeds of sales for
21 delivery outside the State, adjusted as
22 provided in clause (i), or if sufficient



1 data are not available, sales in the State,
2 of similar products of like quality and
3 character and in similar quantities, made by
4 the taxpayer (unless not indicative of the
5 true value) or by others. Sales outside the
6 State, adjusted as provided in clause (i),
7 may be considered when they constitute the
8 best available data. The department shall
9 prescribe uniform and equitable rules for
10 ascertaining the values;

11 (iii) At the election of the taxpayer and with the
12 approval of the department, the taxpayer may
13 make the taxpayer's returns under clause (i)
14 even though the products have not been sold
15 at the time of their entry into interstate
16 or foreign commerce; and

17 (iv) In all cases in which products leave the
18 State in an unfinished condition, the basis
19 for assessment shall be adjusted so as to
20 deduct the portion of the value as is
21 attributable to the finishing of the goods
22 outside the State.



1 (2) Tax on business of selling tangible personal property;
2 producing.

3 (A) Upon every person engaging or continuing in the
4 business of selling any tangible personal
5 property whatsoever (not including, however,
6 bonds or other evidence of indebtedness, or
7 stocks), there is likewise hereby levied, and
8 shall be assessed and collected, a tax equivalent
9 to four per cent of the gross proceeds of sales
10 of the business; provided that insofar as the
11 sale of tangible personal property is a wholesale
12 sale under section 237-4(a)(8)(B), the sale shall
13 be subject to section 237-13.3. Upon every
14 person engaging or continuing within this State
15 in the business of a producer, the tax shall be
16 equal to one-half of one per cent of the gross
17 proceeds of sales of the business, or the value
18 of the products, for sale, if sold for delivery
19 outside the State or shipped or transported out
20 of the State, and the value of the products shall
21 be determined in the same manner as the value of



1 manufactured products covered in the cases under
2 paragraph (1) (C).

3 (B) Gross proceeds of sales of tangible property in
4 interstate and foreign commerce shall constitute
5 a part of the measure of the tax imposed on
6 persons in the business of selling tangible
7 personal property, to the extent, under the
8 conditions, and in accordance with the provisions
9 of the Constitution of the United States and the
10 Acts of the Congress of the United States which
11 may be now in force or may be hereafter adopted,
12 and whenever there occurs in the State an
13 activity to which, under the Constitution and
14 Acts of Congress, there may be attributed gross
15 proceeds of sales, the gross proceeds shall be so
16 attributed.

17 (C) No manufacturer or producer, engaged in such
18 business in the State and selling the
19 manufacturer's or producer's products for
20 delivery outside of the State (for example,
21 consigned to a mainland purchaser via common
22 carrier f.o.b. Honolulu), shall be required to



1 pay the tax imposed in this chapter for the
2 privilege of so selling the products, and the
3 value or gross proceeds of sales of the products
4 shall be included only in determining the measure
5 of the tax imposed upon the manufacturer or
6 producer.

7 (D) When a manufacturer or producer, engaged in such
8 business in the State, also is engaged in selling
9 the manufacturer's or producer's products in the
10 State at wholesale, retail, or in any other
11 manner, the tax for the privilege of engaging in
12 the business of selling the products in the State
13 shall apply to the manufacturer or producer as
14 well as the tax for the privilege of
15 manufacturing or producing in the State, and the
16 manufacturer or producer shall make the returns
17 of the gross proceeds of the wholesale, retail,
18 or other sales required for the privilege of
19 selling in the State, as well as making the
20 returns of the value or gross proceeds of sales
21 of the products required for the privilege of
22 manufacturing or producing in the State. The



1 manufacturer or producer shall pay the tax
2 imposed in this chapter for the privilege of
3 selling its products in the State, and the value
4 or gross proceeds of sales of the products, thus
5 subjected to tax, may be deducted insofar as
6 duplicated as to the same products by the measure
7 of the tax upon the manufacturer or producer for
8 the privilege of manufacturing or producing in
9 the State; provided that no producer of
10 agricultural products who sells the products to a
11 purchaser who will process the products outside
12 the State shall be required to pay the tax
13 imposed in this chapter for the privilege of
14 producing or selling those products.

15 (E) A taxpayer selling to a federal cost-plus
16 contractor may make the election provided for by
17 paragraph (3) (C), and in that case the tax shall
18 be computed pursuant to the election,
19 notwithstanding this paragraph or paragraph (1)
20 to the contrary.

21 (F) The department, by rule, may require that a
22 seller take from the purchaser of tangible



1 personal property a certificate, in a form
2 prescribed by the department, certifying that the
3 sale is a sale at wholesale; provided that:

- 4 (i) Any purchaser who furnishes a certificate
5 shall be obligated to pay to the seller,
6 upon demand, the amount of the additional
7 tax that is imposed upon the seller whenever
8 the sale in fact is not at wholesale; and
9 (ii) The absence of a certificate in itself shall
10 give rise to the presumption that the sale
11 is not at wholesale unless the sales of the
12 business are exclusively at wholesale.

13 (3) Tax upon contractors.

14 (A) Upon every person engaging or continuing within
15 the State in the business of contracting, the tax
16 shall be equal to four per cent of the gross
17 income of the business.

18 (B) In computing the tax levied under this paragraph,
19 there shall be deducted from the gross income of
20 the taxpayer so much thereof as has been included
21 in the measure of the tax levied under
22 subparagraph (A), on:



- 1 (i) Another taxpayer who is a contractor, as
- 2 defined in section 237-6;
- 3 (ii) A specialty contractor, duly licensed by the
- 4 department of commerce and consumer affairs
- 5 pursuant to section 444-9, in respect of the
- 6 specialty contractor's business; or
- 7 (iii) A specialty contractor who is not licensed
- 8 by the department of commerce and consumer
- 9 affairs pursuant to section 444-9, but who
- 10 performs contracting activities on federal
- 11 military installations and nowhere else in
- 12 this State;
- 13 provided that any person claiming a deduction
- 14 under this paragraph shall be required to show in
- 15 the person's return the name and general excise
- 16 number of the person paying the tax on the amount
- 17 deducted by the person.
- 18 (C) In computing the tax levied under this paragraph
- 19 against any federal cost-plus contractor, there
- 20 shall be excluded from the gross income of the
- 21 contractor so much thereof as fulfills the
- 22 following requirements:



1 (i) The gross income exempted shall constitute
2 reimbursement of costs incurred for
3 materials, plant, or equipment purchased
4 from a taxpayer licensed under this chapter,
5 not exceeding the gross proceeds of sale of
6 the taxpayer on account of the transaction;
7 and

8 (ii) The taxpayer making the sale shall have
9 certified to the department that the
10 taxpayer is taxable with respect to the
11 gross proceeds of the sale, and that the
12 taxpayer elects to have the tax on gross
13 income computed the same as upon a sale to
14 the state government.

15 (D) A person who, as a business or as a part of a
16 business in which the person is engaged, erects,
17 constructs, or improves any building or
18 structure, of any kind or description, or makes,
19 constructs, or improves any road, street,
20 sidewalk, sewer, or water system, or other
21 improvements on land held by the person (whether
22 held as a leasehold, fee simple, or otherwise),



1 upon the sale or other disposition of the land or
2 improvements, even if the work was not done
3 pursuant to a contract, shall be liable to the
4 same tax as if engaged in the business of
5 contracting, unless the person shows that at the
6 time the person was engaged in making the
7 improvements the person intended, and for the
8 period of at least one year after completion of
9 the building, structure, or other improvements
10 the person continued to intend to hold and not
11 sell or otherwise dispose of the land or
12 improvements. The tax in respect of the
13 improvements shall be measured by the amount of
14 the proceeds of the sale or other disposition
15 that is attributable to the erection,
16 construction, or improvement of such building or
17 structure, or the making, constructing, or
18 improving of the road, street, sidewalk, sewer,
19 or water system, or other improvements. The
20 measure of tax in respect of the improvements
21 shall not exceed the amount which would have been
22 taxable had the work been performed by another,



1 subject as in other cases to the deductions
2 allowed by subparagraph (B). Upon the election
3 of the taxpayer, this paragraph may be applied
4 notwithstanding that the improvements were not
5 made by the taxpayer, or were not made as a
6 business or as a part of a business, or were made
7 with the intention of holding the same. However,
8 this paragraph shall not apply in respect of any
9 proceeds that constitute or are in the nature of
10 rent; all such gross income shall be taxable
11 under paragraph (9); provided that insofar as the
12 business of renting or leasing real property
13 under a lease is taxed under section 237-16.5,
14 the tax shall be levied by section 237-16.5.

15 (4) Tax upon theaters, amusements, radio broadcasting
16 stations, etc.

17 (A) Upon every person engaging or continuing within
18 the State in the business of operating a theater,
19 opera house, moving picture show, vaudeville,
20 amusement park, dance hall, skating rink, radio
21 broadcasting station, or any other place at which
22 amusements are offered to the public, the tax



1 shall be equal to four per cent of the gross
2 income of the business, and in the case of a sale
3 of an amusement at wholesale under section 237-
4 4(a)(13), the tax shall be subject to section
5 237-13.3.

6 (B) The department may require that the person
7 rendering an amusement at wholesale take from the
8 licensed seller a certificate, in a form
9 prescribed by the department, certifying that the
10 sale is a sale at wholesale; provided that:

11 (i) Any licensed seller who furnishes a
12 certificate shall be obligated to pay to the
13 person rendering the amusement, upon demand,
14 the amount of additional tax that is imposed
15 upon the seller whenever the sale is not at
16 wholesale; and

17 (ii) The absence of a certificate in itself shall
18 give rise to the presumption that the sale
19 is not at wholesale unless the person
20 rendering the sale is exclusively rendering
21 the amusement at wholesale.



1 (5) Tax upon sales representatives, etc. Upon every
2 person classified as a representative or purchasing
3 agent under section 237-1, engaging or continuing
4 within the State in the business of performing
5 services for another, other than as an employee, there
6 is likewise hereby levied and shall be assessed and
7 collected a tax equal to four per cent of the
8 commissions and other compensation attributable to the
9 services so rendered by the person.

10 (6) Tax on service business.

11 (A) Upon every person engaging or continuing within
12 the State in any service business or calling
13 including professional services not otherwise
14 specifically taxed under this chapter, there is
15 likewise hereby levied and shall be assessed and
16 collected a tax equal to four per cent of the
17 gross income of the business, and in the case of
18 a wholesaler under section 237-4(a)(10), the tax
19 shall be equal to one-half of one per cent of the
20 gross income of the business. Notwithstanding
21 the foregoing, a wholesaler under section 237-
22 4(a)(10) shall be subject to section 237-13.3.



1 (B) The department may require that the person
2 rendering a service at wholesale take from the
3 licensed seller a certificate, in a form
4 prescribed by the department, certifying that the
5 sale is a sale at wholesale; provided that:

6 (i) Any licensed seller who furnishes a
7 certificate shall be obligated to pay to the
8 person rendering the service, upon demand,
9 the amount of additional tax that is imposed
10 upon the seller whenever the sale is not at
11 wholesale; and

12 (ii) The absence of a certificate in itself shall
13 give rise to the presumption that the sale
14 is not at wholesale unless the person
15 rendering the sale is exclusively rendering
16 services at wholesale.

17 ~~[(C) Where any person engaging or continuing within~~
18 ~~the State in any service business or calling~~
19 ~~renders those services upon the order of or at~~
20 ~~the request of another taxpayer who is engaged in~~
21 ~~the service business and who, in fact, acts as or~~
22 ~~acts in the nature of an intermediary between the~~



1 ~~person rendering these services and the ultimate~~
2 ~~recipient of the benefits of those services, so~~
3 ~~much of the gross income as is received by the~~
4 ~~person rendering the services shall be subjected~~
5 ~~to the tax at the rate of one-half of one per~~
6 ~~cent and all of the gross income received by the~~
7 ~~intermediary from the principal shall be~~
8 ~~subjected to a tax at the rate of four per cent.~~
9 ~~Where the taxpayer is subject to both this~~
10 ~~subparagraph and to the lowest tax rate under~~
11 ~~subparagraph (A), the taxpayer shall be taxed~~
12 ~~under this subparagraph. This subparagraph shall~~
13 ~~be repealed on January 1, 2006.~~

14 ~~(D)]~~ (C) Where any person is engaged in the business of
15 selling interstate or foreign common carrier
16 telecommunication services within and without the
17 State, other than as a home service provider, the
18 tax shall be imposed on that portion of gross
19 income received by a person from service which is
20 originated or terminated in this State and is
21 charged to a telephone number, customer, or
22 account in this State notwithstanding any other



1 state law (except for the exemption under section
2 237-23(a)(1)) to the contrary. If, under the
3 Constitution and laws of the United States, the
4 entire gross income as determined under this
5 paragraph of a business selling interstate or
6 foreign common carrier telecommunication services
7 cannot be included in the measure of the tax, the
8 gross income shall be apportioned as provided in
9 section 237-21; provided that the apportionment
10 factor and formula shall be the same for all
11 persons providing those services in the State.

12 [~~(E)~~] (D) Where any person is engaged in the business of a
13 home service provider, the tax shall be imposed
14 on the gross income received or derived from
15 providing interstate or foreign mobile
16 telecommunications services to a customer with a
17 place of primary use in this State when such
18 services originate in one state and terminate in
19 another state, territory, or foreign country;
20 provided that all charges for mobile
21 telecommunications services which are billed by
22 or for the home service provider are deemed to be



1 provided by the home service provider at the
2 customer's place of primary use, regardless of
3 where the mobile telecommunications originate,
4 terminate, or pass through; provided further that
5 the income from charges specifically derived from
6 interstate or foreign mobile telecommunications
7 services, as determined by books and records that
8 are kept in the regular course of business by the
9 home service provider in accordance with section
10 239-24, shall be apportioned under any
11 apportionment factor or formula adopted under
12 [~~section 237-13(6)(D)~~] subparagraph (C). Gross
13 income shall not include:

14 (i) Gross receipts from mobile
15 telecommunications services provided to a
16 customer with a place of primary use outside
17 this State;

18 (ii) Gross receipts from mobile
19 telecommunications services that are subject
20 to the tax imposed by chapter 239;



- 1 (iii) Gross receipts from mobile
2 telecommunications services taxed under
3 section 237-13.8; and
4 (iv) Gross receipts of a home service provider
5 acting as a serving carrier providing mobile
6 telecommunications services to another home
7 service provider's customer.

8 For the purposes of this paragraph, "charges for
9 mobile telecommunications services", "customer",
10 "home service provider", "mobile
11 telecommunications services", "place of primary
12 use", and "serving carrier" have the same meaning
13 as in section 239-22.

14 (7) Tax on insurance producers. Upon every person engaged
15 as a licensed producer pursuant to chapter 431, there
16 is hereby levied and shall be assessed and collected a
17 tax equal to 0.15 per cent of the commissions due to
18 that activity.

19 (8) Tax on receipts of sugar benefit payments. Upon the
20 amounts received from the United States government by
21 any producer of sugar (or the producer's legal
22 representative or heirs), as defined under and by



1 virtue of the Sugar Act of 1948, as amended, or other
2 Acts of the Congress of the United States relating
3 thereto, there is hereby levied a tax of one-half of
4 one per cent of the gross amount received; provided
5 that the tax levied hereunder on any amount so
6 received and actually disbursed to another by a
7 producer in the form of a benefit payment shall be
8 paid by the person or persons to whom the amount is
9 actually disbursed, and the producer actually making a
10 benefit payment to another shall be entitled to claim
11 on the producer's return a deduction from the gross
12 amount taxable hereunder in the sum of the amount so
13 disbursed. The amounts taxed under this paragraph
14 shall not be taxable under any other paragraph,
15 subsection, or section of this chapter.

- 16 (9) Tax on other business. Upon every person engaging or
17 continuing within the State in any business, trade,
18 activity, occupation, or calling not included in the
19 preceding paragraphs or any other provisions of this
20 chapter, there is likewise hereby levied and shall be
21 assessed and collected, a tax equal to four per cent
22 of the gross income thereof. In addition, the rate



1 prescribed by this paragraph shall apply to a business
2 taxable under one or more of the preceding paragraphs
3 or other provisions of this chapter, as to any gross
4 income thereof not taxed thereunder as gross income or
5 gross proceeds of sales or by taxing an equivalent
6 value of products, unless specifically exempted."

7 SECTION 7. Section 237-14.5, Hawaii Revised Statutes, is
8 amended by amending subsection (a) to read as follows:

9 "(a) Notwithstanding section 237-14, any person engaged in
10 the business of selling interstate or foreign common carrier
11 telecommunications services taxable under section [~~237-~~
12 ~~13(6)(D)] 237-13(6)(C), or any public utility defined in
13 section 269-1 having gross income from the conveyance or
14 transmission of telephone or telegraph messages, or from the
15 furnishing of facilities for the transmission of intelligence by
16 electricity, may reasonably segregate in the person's returns,
17 based on its books and records that are kept in the normal
18 course of business:~~

- 19 (1) The parts of its gross income, gross proceeds of
20 sales, and value of products subject to taxation under
21 this chapter from the parts subject to taxation under
22 chapter 239; and



1 (2) The parts of its gross income, gross proceeds of
2 sales, and value of products subject to taxation under
3 one provision of this chapter [237] from the parts
4 subject to taxation under any other provision of this
5 chapter [237]."

6 SECTION 8. Section 239-2, Hawaii Revised Statutes, is
7 amended by amending the definition of "gross income" to read as
8 follows:

9 ""Gross income" means the gross income from public service
10 company business as follows:

11 (1) Gross income from the production, conveyance,
12 transmission, delivery, or furnishing of light, power,
13 heat, cold, water, gas, or oil;

14 (2) Gross income from the transportation of passengers or
15 freight, or the conveyance or transmission of
16 telephone or telegraph messages other than mobile
17 telecommunications services, or the furnishing of
18 facilities for the transmission of intelligence by
19 electricity, by land or water or air:

20 (A) Originating and terminating within this State;

21 (B) By means of vessels or aircraft having their home
22 port in the State and operating between ports or



1 airports in the State, with respect to the
2 transportation so effected; or
3 (C) By means of plant or equipment located in the
4 State, between points in the State;
5 (3) Gross income from the transportation of freight by
6 motor carriers (other than as stated in paragraph
7 (2)), or the conveyance or transmission of messages or
8 intelligence through wires or cables located or partly
9 located in the State (other than as stated in
10 paragraph (2) or (5));
11 (4) Gross income from the operation of a private sewer
12 company or private sewer facility; or
13 (5) With respect to a home service provider of mobile
14 telecommunications services, "gross income" includes
15 charges billed for mobile telecommunications services
16 provided by a home service provider to a customer with
17 a place of primary use in this State when the mobile
18 telecommunications services originate and terminate
19 within the same state; provided that all such charges
20 for mobile telecommunications services that are billed
21 by or for the home service provider are deemed to be
22 provided by the home service provider at the



1 customer's place of primary use, regardless of where
2 the mobile telecommunications services originate,
3 terminate, or pass through. "Gross income" shall not
4 include:

5 (A) Any charges for or receipts from mobile
6 telecommunications services provided to customers
7 of the home service provider whose place of
8 primary use is outside this State;

9 (B) Any receipts of a home service provider acting as
10 a serving carrier providing mobile
11 telecommunications services to another home
12 service provider's customer; and

13 (C) Any receipts specifically from interstate or
14 foreign mobile telecommunications services
15 taxable under section [~~237-13(6)(E)~~], 237-
16 13(6)(D), as determined by the home service
17 provider's books and records kept in the ordinary
18 course of business.

19 For the purposes of this paragraph, "customer", "home
20 service provider", "mobile telecommunications
21 services", "place of primary use", and "serving
22 carrier" have the same meaning as in section 239-22.



1 The words "gross income" and "gross income from public
2 service company business" shall not be construed to include
3 dividends (as defined by section 235-1) paid by one member of an
4 affiliated public service company group to another member of the
5 same group; or gross income from the sale or transfer of
6 materials or supplies, interest on loans, or the provision of
7 engineering, construction, maintenance, or managerial services
8 by one member of an affiliated public service company group to
9 another member of the same group. "Affiliated public service
10 company group" means an affiliated group of domestic
11 corporations within the meaning of chapter 235, all of the
12 members of which are public service companies. "Member of an
13 affiliated public service company group" means a corporation
14 (including the parent corporation) that is included within an
15 affiliated public service company group.

16 Where the transportation of passengers or property is
17 furnished through arrangements between motor carriers, and the
18 gross income is divided between the motor carriers, any tax
19 imposed by this chapter shall apply to each motor carrier with
20 respect to each motor carrier's respective portion of the
21 proceeds.



1 Where tourism related services are furnished through
2 arrangements made by a travel agency or tour packager and the
3 gross income is divided between the provider of the services on
4 the one hand and the travel agency or tour packager on the other
5 hand, any tax imposed by this chapter shall apply to each person
6 with respect to each person's respective portion of the
7 proceeds.

8 Accounts found to be worthless and actually charged off for
9 income tax purposes, at corresponding periods, may be deducted
10 from gross income as specified under this chapter so far as the
11 accounts reflect taxable sales, but shall be added to gross
12 income when and if subsequently collected.

13 As used in this paragraph, "tourism related services" means
14 motor carriers of passengers regulated by the public utilities
15 commission."

16 SECTION 9. Section 239-4.5, Hawaii Revised Statutes, is
17 amended by amending subsection (a) to read as follows:

18 "(a) Notwithstanding section 239-4, any person engaged in
19 the business of selling interstate or foreign common carrier
20 telecommunications services taxable under section [~~237-~~
21 ~~13(6)(D)~~] 237-13(6)(C), or any public utility defined in
22 section 269-1 having gross income from the conveyance or



1 transmission of telephone or telegraph messages, or from the
2 furnishing of facilities for the transmission of intelligence by
3 electricity, may reasonably segregate in the person's returns,
4 based on its books and records that are kept in the normal
5 course of business:

6 (1) The parts of its gross income, gross proceeds of
7 sales, and value of products subject to taxation under
8 this chapter from the parts subject to taxation under
9 chapter 237; and

10 (2) The parts of its gross income, gross proceeds of
11 sales, and value of products subject to taxation under
12 one provision of this chapter [~~239~~] from the parts
13 subject to taxation under any other provision of this
14 chapter [~~239~~]."

15 SECTION 10. Section 239-5, Hawaii Revised Statutes, is
16 amended by amending subsection (c) to read as follows:

17 "(c) Notwithstanding subsection (a), the rate of tax upon
18 the portion of the gross income of:

19 (1) A public utility that consists of the receipts from
20 the sale of its products or services to another public
21 utility that resells such products or services shall
22 be one-half of one per cent; or



1 (2) A public utility engaged in the business of selling
2 telecommunication services to a person defined in
3 section [~~237-13(6)(D)~~] 237-13(6)(C) who resells such
4 products or services, shall be as follows:

5 (A) In calendar year 2000, 5.5 per cent;

6 (B) In calendar year 2001, 5.0 per cent;

7 (C) In calendar year 2002, 4.5 per cent;

8 (D) In calendar year 2003, 4.0 per cent;

9 (E) In calendar year 2004, 3.5 per cent;

10 (F) In calendar year 2005, 3.0 per cent;

11 (G) In calendar year 2006, 2.5 per cent; and

12 (H) In calendar year 2007, and thereafter, 0.5 per
13 cent;

14 provided that the resale of the products, services, or
15 telecommunication services is subject to taxation under this
16 section or subject to taxation at the highest rate under section
17 237-13(6); and provided further that the public utility's
18 exemption from real property taxes imposed by chapter 246 shall
19 be reduced by the proportion that its public utility gross
20 income described herein bears to its total public utility gross
21 income. Whenever the public utility has other public utility
22 gross income, the gross income from the sale of its products or



1 services to another public utility or a person subject to
2 section [~~237-13(6)(D)~~] 237-13(6)(C) shall be included in
3 applying subsection (a) in determining the rate of tax upon the
4 other public utility gross income. The department shall have
5 the authority to implement the tax rate changes in paragraph (2)
6 by prescribing tax forms and instructions that require tax
7 reporting and payment by deduction, allocation, or any other
8 method to determine tax liability with due regard to the tax
9 rate changes."

10 SECTION 11. Section 286-56, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§286-56 Official cars.** All motor vehicles owned by any
13 foreign government or by a consul or other official
14 representative thereof, or by the United States government, or
15 by the State or any political subdivision thereof, shall be
16 registered as herein required by the person having the custody
17 thereof, and the custodian shall display official registration
18 by distinguishing marks thereon which shall be furnished by the
19 director of finance, free of charge, and where motor vehicles
20 are owned by the State or any of its municipal subdivisions, the
21 motor vehicle shall bear the inscription provided for in
22 sections 105-6 to [~~105-9~~] 105-8."



1 SECTION 12. Section 302B-3, Hawaii Revised Statutes, is
2 amended to read as follows:

3 **"§302B-3 Charter school review panel; establishment;**
4 **powers and duties.** (a) There is established the charter school
5 review panel, which shall be placed within the department for
6 administrative purposes only. The panel shall be accountable to
7 the charter schools and the board. Notwithstanding section
8 302B-9, the panel shall be subject to chapter 92.

9 (b) The panel shall consist of twelve members, and shall
10 include:

- 11 (1) Two licensed teachers regularly engaged in teaching;
12 provided that one teacher is employed at a start-up
13 charter school, and one teacher is employed at a
14 conversion charter school;
- 15 (2) Two educational officers; provided that one
16 educational officer is employed at a start-up charter
17 school, and one educational officer is employed at a
18 conversion charter school;
- 19 (3) One member or former member of a charter school local
20 school board;
- 21 (4) The chair of the board of education or the chair's
22 designee;



1 (5) A representative of Hawaiian culture-focused charter
2 schools;

3 (6) Two representatives of the University of Hawaii who
4 are not affiliated with charter schools;

5 (7) One member with a background in business or accounting
6 who is not affiliated with charter schools;

7 (8) One member with a background in the building trades or
8 real estate who is not affiliated with charter
9 schools; and

10 (9) A representative from the Hawaii Association of
11 Independent Schools;

12 provided that the initial appointments for representatives in
13 paragraphs (7) to [(+) (9) (+)] shall be made by September 1, 2007.

14 From June 1, 2007, until such time that the panel has twelve
15 members, five members of the panel shall constitute a quorum to
16 conduct business and a concurrence of at least five members
17 shall be necessary to make any action of the panel valid;

18 provided that, upon filling the twelve seats as required under
19 this subsection, a majority of the panel shall constitute a
20 quorum to conduct business, and the concurrence of a majority of
21 all the members to which the panel is entitled shall be
22 necessary to make any action of the panel valid.



1 (c) The board shall appoint the remaining members of the
2 panel other than the chair of the board.

3 (d) Appointed panel members shall serve not more than
4 three consecutive three-year terms, with each term beginning on
5 July 1; provided that the initial terms of the appointed members
6 that commence after June 30, 2006, shall be staggered as
7 follows:

8 (1) Four members to serve three-year terms;

9 (2) Four members to serve two-year terms; and

10 (3) Three members to serve a one-year term.

11 (e) Notwithstanding the terms of members, the board may
12 add panel members at any time and replace panel members at any
13 time when their positions become vacant through resignation,
14 non-participation, or upon request of a majority of panel
15 members.

16 (f) Panel members shall receive no compensation. When
17 panel duties require that a panel member take leave of the panel
18 member's duties as a state employee, the appropriate state
19 department shall allow the panel member to be placed on
20 administrative leave with pay and shall provide substitutes,
21 when necessary, to perform that panel member's duties. Panel



1 members shall be reimbursed for necessary' travel expenses
2 incurred in the conduct of official panel business.

3 (g) The panel shall establish operating procedures that
4 shall include conflict of interest provisions for any member
5 whose school of employment or local school board membership is
6 before the panel.

7 (h) The chair of the panel shall be designated by the
8 members of the panel for each school year beginning July 1 and
9 whenever there is a vacancy. If the panel does not designate
10 its chair for the next school year by July 1, the board shall
11 designate the panel chair. When the panel chair is vacant, the
12 board shall designate an interim chair to serve until the panel
13 designates its chair.

14 (i) The powers and duties of the panel shall be to:

15 (1) Appoint and evaluate the executive director and
16 approve staff and salary levels for the charter school
17 administrative office;

18 (2) Review, approve, or deny charter applications for new
19 charter schools in accordance with [‡]section[‡]
20 302B-5 for the issuance of new charters; provided that
21 applicants that are denied a charter may appeal to the



- 1 board for a final decision pursuant to section
2 302B-3.5;
- 3 (3) Review, approve, or deny significant amendments to
4 detailed implementation plans to maximize the school's
5 financial and academic success, long-term
6 organizational viability, and accountability. Charter
7 schools that are denied a significant amendment to
8 their detailed implementation plan may appeal to the
9 board for a final decision pursuant to section
10 302B-3.5;
- 11 (4) Adopt reporting requirements for charter schools;
- 12 (5) Review annual self-evaluation reports from charter
13 schools and take appropriate action;
- 14 (6) Evaluate any aspect of a charter school that the panel
15 may have concerns with and take appropriate action,
16 which may include probation or revocation;
- 17 (7) Periodically adopt improvements in the panel's
18 monitoring and oversight of charter schools; and
- 19 (8) Periodically adopt improvements in the office's
20 support of charter schools and management of the
21 charter school system.



1 (j) In the case that the panel decides not to issue a new
2 charter, or to approve significant amendments to detailed
3 implementation plans, the board may adopt rules for an appeals
4 process pursuant to section 302B-3.5.

5 (k) The office shall provide for the staff support and
6 expenses of the panel.

7 ~~[(1) The panel shall be exempt from chapter 92.]~~"

8 SECTION 13. Section 304A-104.5, Hawaii Revised Statutes,
9 is amended by amending subsection (f) to read as follows:

10 "(f) The candidate advisory council shall consist of seven
11 members to be appointed without regard to section 26-34 as
12 follows:

13 (1) One member shall be appointed by the president of the
14 senate;

15 (2) One member shall be appointed by the speaker of the
16 house of representatives;

17 (3) One member shall be appointed by the governor;

18 (4) One member shall be appointed by one of the co-chairs
19 of the All Campus Council of Faculty Senate Chairs of
20 the University of Hawaii;



1 (5) One member shall be appointed by the chairperson of
2 the Executive Council of the University of Hawaii
3 Student Caucus;

4 (6) One member shall be appointed by the chairperson of
5 the Association of Emeritus Regents; and

6 (7) One member shall be appointed by the president of the
7 University of Hawaii Alumni Association;

8 provided that members appointed under paragraphs (4) to (7)
9 shall be selected from the general public and may include
10 members of the constituencies represented; provided further that
11 each appointee satisfies the requirements for appointment
12 provided in this subsection, except that individuals who are or
13 have served as members of the executive councils or boards for
14 the organizations under paragraphs (4) and (5) within the last
15 five years immediately preceding the establishment of or a
16 vacancy on the candidate advisory council for which the persons
17 may be qualified to fill shall not be eligible to serve as
18 members of the candidate advisory council.

19 The candidate advisory council shall be selected in a
20 wholly nonpartisan manner. If any member has not been appointed
21 within one hundred eighty days of ~~the~~ May 1, 2007, the sitting
22 members on the candidate advisory council shall make an interim



1 appointment to fill the vacant seat. The interim appointee
2 shall satisfy the requirements for appointment provided in this
3 subsection and shall serve until the time when the appropriate
4 appointing authority makes an appointment for the vacant seat as
5 provided in this subsection. Appointees to the candidate
6 advisory council shall have a general understanding of the
7 purposes of higher education, the mission of the University of
8 Hawaii system, and the responsibilities of the board of regents.
9 Appointees shall be individuals who are widely viewed as having
10 placed the broad public interest ahead of special interests,
11 having achieved a high level of prominence in their respective
12 professions, and being respected members of the community."

13 SECTION 14. Section 342G-81, Hawaii Revised Statutes, is
14 amended by amending the definition of "deposit glass beverage
15 container" to read as follows:

16 ""Deposit glass beverage container" means:

- 17 (1) The individual, separate, sealed, glass container used
18 for containing, at the time of import, [~~sixty-four~~]
19 sixty-eight fluid ounces or less of a beverage; or
20 (2) The empty, individual, separate glass container that
21 will be filled with [~~sixty-four~~] sixty-eight fluid
22 ounces or less of a beverage and sealed in this State,



1 so that these glass beverage containers will be
2 subject to [+]part VIII[+]."

3 SECTION 15. Section 346-51, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§346-51 Public assistance and child welfare services**
6 **administered by department.** The department of human services
7 shall administer public assistance and child welfare services in
8 the several counties except for payments administered under the
9 Federal Supplemental Security Income Program or its successor
10 agency. No person shall be denied the right to petition the
11 department for additional assistance as established under
12 section [~~346-53(e)~~] 346-53(f)."

13 SECTION 16. Section 421-26, Hawaii Revised Statutes, is
14 repealed.

15 ["~~§421-26 Saving clause.~~"]

16 SECTION 17. Act 57, Session Laws of Hawaii 2004, as
17 amended by Act 22, Session Laws of Hawaii 2005, section 49, is
18 amended by amending section 17 to read as follows:

19 "SECTION 17. This Act shall take effect upon its approval;
20 provided that the amendments made to section 28-8.3, Hawaii
21 Revised Statutes, by this Act shall not be repealed when section
22 28-8.3, Hawaii Revised Statutes, is reenacted on June 30, [2007]



1 2010, pursuant to section 14(2) of Act 58, Session Laws of
2 Hawaii 2004."

3 SECTION 18. Act 245, Session Laws of Hawaii 2005, as
4 amended by Act 294, Session Laws of Hawaii 2007, section 2, is
5 amended by amending section 8 to read as follows:

6 "SECTION 8. This Act shall take effect upon its approval,
7 for the purpose of establishing a voluntary employees'
8 beneficiary association trust pilot program in March, 2006, and
9 shall be repealed on July 1, 2009; provided that sections 89-2,
10 89-3, 89-6, and 89-9, Hawaii Revised Statutes, are reenacted in
11 the form in which they read on the day before the effective date
12 of this Act[-]; and provided further that the amendments made to
13 section 89-6, Hawaii Revised Statutes, by Act 202, Session Laws
14 of Hawaii 2005, shall not be repealed when that section is
15 reenacted on July 1, 2009."

16 SECTION 19. Act 85, Session Laws of Hawaii 2007, is
17 amended by amending the prefatory language in section 1 to read
18 as follows:

19 "SECTION 1. [~~Section 291-D,~~] Chapter 291D, Hawaii Revised
20 Statutes, is amended by adding a new section to be appropriately
21 designated and to read as follows:"



1 SECTION 20. Act 197, Session Laws of Hawaii 2007, is
2 amended by amending section 7 to read as follows:

3 "SECTION 7. This Act shall take effect on July 1, 2007, and
4 shall be repealed on July 1, 2009; provided that sections 445-
5 231, 445-233, and 445-235, Hawaii Revised Statutes, shall be
6 reenacted in the form in which they read on the day before the
7 effective date of this Act."

8 SECTION 21. Act 262, Session Laws of Hawaii 2007, is
9 amended by amending the prefatory language in section 2 to read
10 as follows:

11 "SECTION 2. Chapter 179D, Hawaii Revised Statutes, is
12 amended by designating [~~section 179-1 to 179-9~~] sections 179D-1
13 to 179D-9 as part I, entitled:"

14 SECTION 22. Act 264, Session Laws of Hawaii 2007, is
15 amended by amending section 4 to read as follows:

16 "SECTION 4. This Act shall take effect on July 1, 2007,
17 and shall be repealed on June 30, 2011[-]; provided that section
18 328L-2, Hawaii Revised Statutes, shall be reenacted in the form
19 in which it read on the day before the effective date of this
20 Act."

21 SECTION 23. This Act shall be amended to conform to all
22 other acts passed by the legislature during this regular session



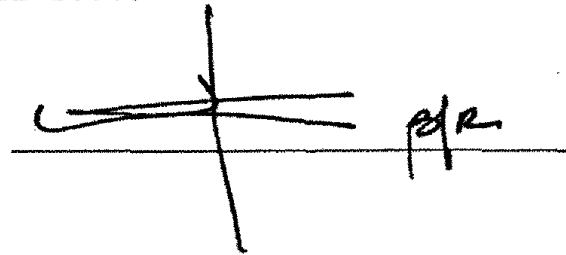
1 of 2008, whether enacted before or after the effective date of
2 this Act, unless the other acts specifically provide otherwise.

3 SECTION 24. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 25. This Act shall take effect upon its approval;
6 provided that section 3 shall take effect on July 1, 2008; and
7 provided further that the amendments made to section 28-8.3,
8 Hawaii Revised Statutes, by this Act shall not be repealed when
9 that section is reenacted on June 30, 2010, pursuant to section
10 1 of Act 306, Session Laws of Hawaii 2006.

11

INTRODUCED BY:

A handwritten signature consisting of a stylized name with a vertical line through it, followed by the initials "PR" written to the right of the signature line.




1 of 2008, whether enacted before or after the effective date of
2 this Act, unless the other acts specifically provide otherwise.

3 SECTION 24. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 25. This Act shall take effect upon its approval;
6 provided that section 3 shall take effect on July 1, 2008; and
7 provided further that the amendments made to section 28-8.3,
8 Hawaii Revised Statutes, by this Act shall not be repealed when
9 that section is reenacted on June 30, 2010, pursuant to section
10 1 of Act 306, Session Laws of Hawaii 2006.

11

APPROVED this 15 day of APR, 2008



GOVERNOR OF THE STATE OF HAWAII



