

JAN 19 2007

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## A BILL FOR AN ACT

RELATING TO TAXATION.

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

1       SECTION 1. Section 237-23, Hawaii Revised Statutes, is  
2 amended by amending subsection (b) to read as follows:

3       "(b) The exemptions enumerated in subsection (a)(3) to (6)  
4 shall apply only:

5       (1) To those persons who shall have registered with the  
6 department of taxation by filing a written application  
7 for registration in [~~such~~] the form [~~as~~] that the  
8 department shall prescribe, shall have paid the  
9 registration fee of \$20, and shall have had the  
10 exemption allowed by the department or by a court or  
11 tribunal of competent jurisdiction upon appeal from  
12 any assessment resulting from disallowance of the  
13 exemption by the department;

14       (2) To activities from which no profit inures to the  
15 benefit of any private stockholder or individual,  
16 except for death or other benefits to the members of  
17 fraternal societies; and



1 (3) To the fraternal, religious, charitable, scientific,  
 2 educational, communal, or social welfare activities of  
 3 such persons, or to the activities of [~~such~~] any  
 4 hospitals, infirmaries, and sanitarium as such, and not  
 5 to any activity the primary purpose of which is to  
 6 produce income even though the income is to be used  
 7 for or in furtherance of the exempt activities of  
 8 [~~such~~] those persons; provided that any portion of  
 9 the amounts received by those persons from any  
 10 activity, the primary purpose of which is to produce  
 11 income and that is a charitable contribution under  
 12 section 170 (with respect to charitable, etc.,  
 13 contributions and gifts) of the Internal Revenue Code  
 14 of 1986, as amended, shall not be subject to tax under  
 15 this chapter."

16 SECTION 2. Statutory material to be repealed is bracketed  
 17 and stricken. New statutory material is underscored.

18 SECTION 3. This Act shall take effect on July 1, 2007.

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INTRODUCED BY:

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**Report Title:**

GET; Nonprofit Organizations; Fundraising Proceeds

**Description:**

Exempts from the general excise tax amounts received through fundraising as charitable contributions under section 170 of the Internal Revenue Code of 1986, as amended, by a nonprofit organization when the total proceeds received exceed the fair market value of the products or the services donated or provided.

