
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The purpose of this Act is to temporarily
2 suspend the general excise tax exemption for certain amounts
3 received by certain persons and, instead, require those persons
4 to pay the general excise tax on those amounts at the one-half
5 per cent rate.

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

9 "§237-A Temporary suspension of exemption of certain
10 amounts; levy of tax at one-half per cent rate. (a)

11 Notwithstanding any other law to the contrary, the exemption of
12 the following amounts from taxation under this chapter shall be
13 suspended from July 1, 2010, through June 30, 2015:

14 (1) Amounts received by Hansen's disease patients and
15 kokuas with respect to business within the county of
16 Kalawao as described under section 237-23(a)(8);

17 (2) Amounts deducted from the gross income received by
18 contractors as described under section 237-13(3)(B);

- 1 (3) Reimbursements received by federal cost-plus
2 contractors for the costs of purchased materials,
3 plant, and equipment as described under section 237-
4 13(3)(C);
- 5 (4) Gross receipts of home service providers acting as
6 service carriers for other home service providers as
7 described under section 237-13(6)(D);
- 8 (5) Amounts deducted from the gross income of real
9 property lessees because of receipt from sublessees as
10 described under section 237-16.5;
- 11 (6) Amounts received, charged, or attributable to services
12 furnished by related entities or the imputed or stated
13 interests of related entities as described under
14 section 237-23.5(a);
- 15 (7) Amounts received by common paymasters and disbursed as
16 employee compensation or benefits as described under
17 section 237-23.5(b);
- 18 (8) Moneys received by foster parents as described under
19 section 237-24(15);
- 20 (9) Amounts received by cooperative housing corporations
21 from shareholders as reimbursement for expenses as
22 described under section 237-24(16);

- 1 (10) Amounts received by managers, submanagers, or boards
2 of directors of condominium property regime owner,
3 nonprofit homeowner, or nonprofit community
4 associations as described under section 237-24.3(3) in
5 the form in which it existed on July 1, 2010;
- 6 (11) Amounts received by employee benefit plans by way of
7 dividends, interest, and other income as described
8 under section 237-24.3(5); provided that employee and
9 employer contributions to employee benefit plans shall
10 continue to be exempt from taxation under this
11 section;
- 12 (12) Amounts received by nonprofit organizations or offices
13 for the administration of employee benefit plans as
14 described under section 237-24.3(5);
- 15 (13) Amounts received by hotel operators or suboperators
16 and disbursed for employee compensation and benefits
17 as described under section 237-24.7(1) in the form in
18 which it existed on July 1, 2010;
- 19 (14) Amounts received by county transportation system
20 operators as described under section 237-24.7(2);
21 provided that subsidies or grants from the federal and

1 county governments shall continue to be exempt from
2 taxation under this section;

3 (15) Amounts received by orchard property operators and
4 disbursed for employee compensation and benefits as
5 described under section 237-24.7(4);

6 (16) Amounts received by management companies from related
7 telecommunications services common carriers and
8 disbursed for employee compensation and benefits as
9 described under section 237-24.7(9);

10 (17) Amounts received by the Hawaii convention center
11 operator as reimbursements of costs or advances as
12 described under section 237-24.75(2);

13 (18) Amounts received by professional employment
14 organizations from client companies and disbursed for
15 employee benefits and compensation as described under
16 section 237-24.75(3);

17 (19) Amounts received by financial institutions, trust
18 companies, and trust departments as described under
19 section 237-24.8;

20 (20) Gross proceeds received from the sale of tangible
21 personal property to the United States and state-

- 1 chartered credit unions as described under section
2 237-25 (a) (3);
- 3 (21) Amounts received by petroleum product refiners from
4 other refiners for further refining of petroleum
5 products as described under section 237-27;
- 6 (22) Gross income received from the planning, design,
7 financing, construction, sale, or lease of affordable
8 housing projects, as described under section 237-
9 29(a), that do not have valid certificates of
10 exemption or approval under section 201H-36 on the
11 effective date of this Act;
- 12 (23) Gross income received by nonprofit or limited
13 distribution mortgagors for low- and moderate-income
14 housing projects, as described under section 237-
15 29(b), that were not certified or approved under
16 section 201H-36 on or before the effective date of
17 this Act; and
- 18 (24) Gross proceeds or gross income received from the sale
19 of tangible personal property imported for subsequent
20 resale at wholesale as described under section 237-
21 29.55.

1 (b) There is levied, assessed, and collected annually
2 against the persons, organizations, or amounts exempted under
3 subsection (a), a tax at the rate of one-half per cent on the
4 previously exempt gross income or gross proceeds of sale.

5 "Previously exempt gross income or gross proceeds of sale"
6 means the amount of the gross income or gross proceeds of sale,
7 the exemption for which is suspended under subsection (a).

8 The persons, organizations, or amounts exempted under
9 subsection (a), against whom the tax is levied and assessed
10 under this section shall be responsible for payment of the tax
11 to the director of taxation.

12 (c) The provisions of this chapter shall apply to the
13 payment, collection, enforcement, and appeal of the tax levied
14 under this section.

15 The director may establish additional requirements,
16 procedures, and forms pursuant to rules adopted under chapter
17 91, to effectuate this section."

18 SECTION 3. New statutory material is underscored.

19 SECTION 4. This Act shall take effect on July 1, 2010;
20 provided that:

21 (1) The suspension under section 237-34(15) and (16),

22 Hawaii Revised Statutes, shall not be repealed when

1 that section is reenacted on December 31, 2013,
2 pursuant to Act 70, Session Laws of Hawaii 2009;
3 (2) The suspension under section 237-24.3(3) and 237-
4 24.7(1), Hawaii Revised Statutes, shall not be
5 repealed when those sections are reenacted on December
6 31, 2010, pursuant to Act 196, Session Laws of Hawaii
7 2009;
8 (3) Section 2 shall be repealed on June 30, 2015; and
9 (4) This Act shall apply to taxable years beginning after
10 December 31, 2009 and ending before January 1, 2016.

Report Title:

General Excise Tax; Temporary Suspension; Exemption For Certain Amounts

Description:

Temporarily suspends the exemption for certain amounts of gross income or proceeds from the general excise tax and requires the payment of the tax at a one-half per cent rate. Takes effect on 07/01/2010 and is repealed on 06/30/2015.

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