

JAN 20 2010

A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAXES.

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

1 SECTION 1. The legislature finds that a sustainable source
2 of funding is critically required to meet the education needs
3 for Hawaii's children that are enrolled in public schools
4 throughout the State. It goes without saying that a strong
5 education is often a prerequisite to obtaining rewarding
6 opportunities throughout life and a strong education will likely
7 be a necessity for Hawaii's children to compete in the global
8 economy.

9 All of Hawaii's communities deserve and need an excellent
10 public education system to increase the likelihood of a stronger
11 work force, more stable employment, less poverty, improved
12 public health, lower crime rates, and positive community
13 participation. Indeed, a key to Hawaii's future success is a
14 community filled with highly-educated, highly-qualified
15 individuals to support the State's economy. The backbone of
16 this endeavor is a strong public education school system that
17 equips our keiki with the knowledge, skills, and experiences
18 necessary to succeed.



1 The legislature further finds that the public education
2 system in the State is in dire need of increased funding not
3 only to improve, expand, or grow new programs and facilities,
4 but also to address the pending backlog of infrastructure and
5 facilities repair and maintenance projects in elementary,
6 middle, and high schools throughout the State.

7 Within the department of education, the backlog for repair
8 and maintenance continues to be a problem. In 2001, the
9 legislature appropriated funds to help mitigate the department
10 of education's estimated \$640,000,000 backlog of repair and
11 maintenance projects. In 2007, the estimated backlog of repair
12 and maintenance projects was \$341,000,000, which included
13 recurring major and minor repairs, ongoing cycle maintenance,
14 service and contract maintenance, nonrecurring projects, and
15 emergency repairs.

16 The early education task force recently unveiled "Keiki
17 First," a plan to enable eighty per cent of Hawaii's four-year-
18 olds to attend preschool so they will enter kindergarten ready
19 to learn. This plan requires an infusion of new resources; when
20 fully implemented, for the eighty per cent goal, \$170,000,000
21 per year would be needed. Steps need to be taken now to ensure



1 that the funding necessary to get this program underway are
2 available when called upon.

3 In recent years, the legislature passed significant
4 initiatives to strengthen the public education school system.
5 The Reinventing Education Act of 2004 directed funds to schools
6 based on the needs of their populations, taking into account
7 economic hardship, English as a second language, special needs,
8 and mobility. Additionally, the legislature provided a
9 governance structure to charter schools to allow decision makers
10 to be closer to their constituency and placed an emphasis on
11 learning academies and experiential or applied learning
12 programs.

13 Obtaining adequate funding for Hawaii's public education
14 school system has been a growing challenge. Increased mandates
15 of the No Child Left Behind Act and the Felix consent decree,
16 among others, have contributed to funding inadequacies; yet,
17 over the years, the percentage of the state budget allocated to
18 public education has consistently decreased. In the current
19 economic recession, additional cuts have been made to the public
20 education school system budget and teachers have had to incur a
21 pay reduction and a furlough that has shortened the school year.



1 In a poll conducted by the Honolulu Advertiser in 2003,
2 seventy-seven per cent of those polled indicated that they would
3 pay more in taxes to improve the quality of the public education
4 school system. The poll also indicated that seventy-six per
5 cent would pay more taxes to make repairs to public schools. A
6 2004 poll, conducted for Good Beginnings Alliance, indicated
7 that sixty per cent of individuals polled favored a tax increase
8 to support universal preschool.

9 The legislature believes that Hawaii residents have and
10 will continue to demonstrate a willingness to support an
11 increase in taxes to support important social objectives, such
12 as providing a quality public education school system.

13 The purpose of this Act is to increase the general excise
14 tax rate, with increased revenues being allocated to the public
15 education school system to provide funding for programs,
16 materials, equipment, and supplies that benefit student
17 learning.

18 SECTION 2. 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~~] _____
22 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
10 proceeds of sales of the business; provided that
11 insofar as the sale of tangible personal property
12 is a wholesale sale under section
13 [+]237-4(a)(8)[+], the sale shall be subject to
14 section 237-13.3. Upon every person engaging or
15 continuing within this State in the business of a
16 producer, the tax shall be equal to [~~one-half of~~
17 ~~one~~] _____ per cent of the gross proceeds of
18 sales of the business, or the value of the
19 products, for sale, if sold for delivery outside
20 the State or shipped or transported out of the
21 State, and the value of the products shall be
22 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
17 the gross 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
2 the gross income of the business, and in the case
3 of a sale of an amusement at wholesale under
4 section 237-4(a)(13), the tax shall be subject to
5 section 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
8 the commissions and other compensation attributable to
9 the 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
17 cent of the gross income of the business, and in
18 the case of a wholesaler under section
19 237-4(a)(10), the tax shall be equal to [~~one-half~~
20 ~~of one~~] _____ per cent of the gross income
21 of the business. Notwithstanding the foregoing,



1 a wholesaler under section 237-4(a)(10) shall be
2 subject to section 237-13.3.

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

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

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

19 (C) Where any person is engaged in the business of
20 selling interstate or foreign common carrier
21 telecommunication services within and without the
22 State, other than as a home service provider, the



1 tax shall be imposed on that portion of gross
2 income received by a person from service which is
3 originated or terminated in this State and is
4 charged to a telephone number, customer, or
5 account in this State notwithstanding any other
6 state law (except for the exemption under section
7 237-23(a)(1)) to the contrary. If, under the
8 Constitution and laws of the United States, the
9 entire gross income as determined under this
10 paragraph of a business selling interstate or
11 foreign common carrier telecommunication services
12 cannot be included in the measure of the tax, the
13 gross income shall be apportioned as provided in
14 section 237-21; provided that the apportionment
15 factor and formula shall be the same for all
16 persons providing those services in the State.

17 (D) Where any person is engaged in the business of a
18 home service provider, the tax shall be imposed
19 on the gross income received or derived from
20 providing interstate or foreign mobile
21 telecommunications services to a customer with a
22 place of primary use in this State when such



1 services originate in one state and terminate in
2 another state, territory, or foreign country;
3 provided that all charges for mobile
4 telecommunications services which are billed by
5 or for the home service provider are deemed to be
6 provided by the home service provider at the
7 customer's place of primary use, regardless of
8 where the mobile telecommunications originate,
9 terminate, or pass through; provided further that
10 the income from charges specifically derived from
11 interstate or foreign mobile telecommunications
12 services, as determined by books and records that
13 are kept in the regular course of business by the
14 home service provider in accordance with section
15 239-24, shall be apportioned under any
16 apportionment factor or formula adopted under
17 subparagraph (C). Gross income shall not
18 include:

- 19 (i) Gross receipts from mobile
20 telecommunications services provided to a
21 customer with a place of primary use outside
22 this State;



- 1 (ii) Gross receipts from mobile
- 2 telecommunications services that are subject
- 3 to the tax imposed by chapter 239;
- 4 (iii) Gross receipts from mobile
- 5 telecommunications services taxed under
- 6 section 237-13.8; and
- 7 (iv) Gross receipts of a home service provider
- 8 acting as a serving carrier providing mobile
- 9 telecommunications services to another home
- 10 service provider's customer.

11 For the purposes of this paragraph, "charges for

12 mobile telecommunications services", "customer",

13 "home service provider", "mobile

14 telecommunications services", "place of primary

15 use", and "serving carrier" have the same meaning

16 as in section 239-22.

17 (7) Tax on insurance producers. Upon every person engaged

18 as a licensed producer pursuant to chapter 431, there

19 is hereby levied and shall be assessed and collected a

20 tax equal to 0.15 per cent of the commissions due to

21 that activity.



- 1 (8) Tax on receipts of sugar benefit payments. Upon the
2 amounts received from the United States government by
3 any producer of sugar (or the producer's legal
4 representative or heirs), as defined under and by
5 virtue of the Sugar Act of 1948, as amended, or other
6 Acts of the Congress of the United States relating
7 thereto, there is hereby levied a tax of [~~one-half of~~
8 ~~one~~] _____ per cent of the gross amount received;
9 provided that the tax levied hereunder on any amount
10 so received and actually disbursed to another by a
11 producer in the form of a benefit payment shall be
12 paid by the person or persons to whom the amount is
13 actually disbursed, and the producer actually making a
14 benefit payment to another shall be entitled to claim
15 on the producer's return a deduction from the gross
16 amount taxable hereunder in the sum of the amount so
17 disbursed. The amounts taxed under this paragraph
18 shall not be taxable under any other paragraph,
19 subsection, or section of this chapter.
- 20 (9) Tax on other business. Upon every person engaging or
21 continuing within the State in any business, trade,
22 activity, occupation, or calling not included in the



1 preceding paragraphs or any other provisions of this
2 chapter, there is likewise hereby levied and shall be
3 assessed and collected, a tax equal to [~~four~~]
4 _____ per cent of the gross income thereof. In
5 addition, the rate prescribed by this paragraph shall
6 apply to a business taxable under one or more of the
7 preceding paragraphs or other provisions of this
8 chapter, as to any gross income thereof not taxed
9 thereunder as gross income or gross proceeds of sales
10 or by taxing an equivalent value of products, unless
11 specifically exempted."

12 SECTION 3. Section 237-15, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "§237-15 Technicians. When technicians supply dentists or
15 physicians with dentures, orthodontic devices, braces, and
16 similar items which have been prepared by the technician in
17 accordance with specifications furnished by the dentist or
18 physician, and such items are to be used by the dentist or
19 physician in the dentist's or physician's professional practice
20 for a particular patient who is to pay the dentist or physician
21 for the same as a part of the dentist's or physician's
22 professional services, the technician shall be taxed as though



1 the technician were a manufacturer selling a product to a
2 licensed retailer, rather than at the rate of [~~four~~] _____
3 per cent which is generally applied to professions and
4 services."

5 SECTION 4. Section 237-16.5, Hawaii Revised Statutes, is
6 amended by amending subsection (a) to read as follows:

7 "(a) This section relates to the leasing of real property
8 by a lessor to a lessee. There is hereby levied, and shall be
9 assessed and collected annually, a privilege tax against persons
10 engaging or continuing within the State in the business of
11 leasing real property to another, equal to [~~four~~] _____ per
12 cent of the gross proceeds or gross income received or derived
13 from the leasing; provided that where real property is subleased
14 by a lessee to a sublessee, the lessee, as provided in this
15 section, shall be allowed a deduction from the amount of gross
16 proceeds or gross income received from its sublease of the real
17 property. The deduction shall be in the amount allowed under
18 this section.

19 All deductions under this section and the name and general
20 excise tax number of the lessee's lessor shall be reported on
21 the general excise tax return. Any deduction allowed under this



1 section shall only be allowed with respect to leases and
2 subleases in writing and relating to the same real property."

3 SECTION 5. Section 237-18, Hawaii Revised Statutes, is
4 amended by amending subsection (f) to read as follows:

5 "(f) Where tourism related services are furnished through
6 arrangements made by a travel agency or tour packager and the
7 gross income is divided between the provider of the services and
8 the travel agency or tour packager, the tax imposed by this
9 chapter shall apply to each such person with respect to such
10 person's respective portion of the proceeds, and no more.

11 As used in this subsection "tourism related services" means
12 catamaran cruises, canoe rides, dinner cruises, lei greetings,
13 transportation included in a tour package, sightseeing tours not
14 subject to chapter 239, admissions to luaus, dinner shows,
15 extravaganzas, cultural and educational facilities, and other
16 services rendered directly to the customer or tourist, but only
17 if the providers of the services other than air transportation
18 are subject to a [~~four~~] _____ per cent tax under this
19 chapter or chapter 239."

20 SECTION 6. Section 237-31, Hawaii Revised Statutes, is
21 amended to read as follows:

1 "§237-31 Remittances. (a) All remittances of taxes
2 imposed by this chapter shall be made by money, bank draft,
3 check, cashier's check, money order, or certificate of deposit
4 to the office of the department of taxation to which the return
5 was transmitted.

6 (b) The department shall issue its receipts therefor to
7 the taxpayer and shall pay the moneys into the state treasury as
8 a state realization, to be kept and accounted for as provided by
9 law; provided that:

10 (1) The sum from all general excise tax revenues realized
11 by the State that represents the difference between
12 \$45,000,000 and the proceeds from the sale of any
13 general obligation bonds authorized for that fiscal
14 year for the purposes of the state educational
15 facilities improvement special fund shall be deposited
16 in the state treasury in each fiscal year to the
17 credit of the state educational facilities improvement
18 special fund; and

19 (2) A sum, not to exceed \$5,000,000, from all general
20 excise tax revenues realized by the State shall be
21 deposited in the state treasury in each fiscal year to
22 the credit of the compound interest bond reserve fund.



1 (c) Notwithstanding subsection (b), beginning on July 1,
2 2010, the additional revenues generated and collected from the
3 increase in general excise tax rates imposed by sections 2, 3,
4 4, and 5 of Act , Session Laws of Hawaii 2010, shall be
5 deposited into a special account in the general fund for
6 appropriation to and expenditure for programs, materials,
7 equipment, and supplies for the public education school system
8 that is administered by the department of education under
9 chapter 302A; provided that commencing with the 2010-2011 fiscal
10 year, the program funding levels established by the legislature
11 for the 2007-2008 fiscal year to support the public education
12 school system shall be the minimum funding levels for these
13 programs and shall not be reduced, diminished, or replaced by
14 the additional revenues generated and collected from the
15 increase in general excise tax rates imposed by Act , Session
16 Laws of Hawaii 2010; provided further that the additional
17 revenues generated and collected from the increase in general
18 excise tax rates imposed by Act , Session Laws of Hawaii
19 2010, shall not used to fund any matters pertaining to an
20 emergency declaration made by the governor of this State."

21 SECTION 7. Statutory material to be repealed is bracketed
22 and stricken. New statutory material is underscored.



S.B. NO. 2079

1 SECTION 8. This Act shall take effect on July 1, 2010.

2

INTRODUCED BY: *Tranone Chun Cleveland*
Michelle D. Kideni
Randy de Bel
Carol Fukushima



Report Title:

Keiki Caucus; General Excise Tax Rate; Public Education Funding

Description:

Increases the general excise tax rate to provide a dedicated funding source for the public education school system.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

