
A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAX.

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

1 SECTION 1. Chapter 237, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§237- Annual exemption; amounts not taxable. (a)

5 Definitions. As used in this section:

6 "Computer software" means a set of coded instructions
7 designed to cause a computer or automatic data processing
8 equipment to perform a task.

9 "Computer supplies" means:

- 10 (1) Computer storage media, including diskettes and
11 compact disks;
- 12 (2) Handheld electronic schedulers, except devices that
13 are cellular telephones;
- 14 (3) Personal digital assistants, except devices that are
15 cellular telephones;
- 16 (4) Computer printers; and
- 17 (5) Printer supplies for computers, including printer
18 paper and ink.



1 "Personal computers" means laptops, desktops, or tower
2 computer systems that consist of a central processing unit,
3 random access memory, a storage drive, a display monitor, a
4 keyboard, and devices designed for use in conjunction with a
5 personal computer, such as a disk drive, memory module, compact
6 disk drive, daughterboard, digitalizer, microphone, modem,
7 motherboard, mouse, multimedia speaker, printer, scanner,
8 single-user hardware, single-user operating system, soundcard,
9 or video card.

10 "School supplies" means any item normally used by students
11 in a course of study in primary or secondary schools or
12 institutions of higher learning, and includes but is not limited
13 to, textbooks, notebooks, paper, writing instruments, crayons,
14 art supplies, rulers, book bags, backpacks, handheld
15 calculators, chalk, maps, and globes. The term shall not
16 include watches, radios, compact disc players, headphones,
17 sporting equipment, copiers or other office equipment, or
18 fixtures.

19 (b) Beginning January 1, 2010, there shall be an annual
20 exemption from the application of this chapter, that shall begin
21 at 12:01 A.M. on the last Friday in July and end at 11:59 P.M.
22 on the following Sunday. The annual exemption shall apply to



1 amounts received from retail sales of the items listed in
2 subsection (c).

3 (c) The amounts received from the retail sale of the
4 following items shall be exempt from this chapter:

5 (1) School supplies, provided that the total price per
6 purchase does not exceed \$50; and

7 (2) Personal computers, computer software, and computer
8 supplies, provided that the total price per purchase
9 does not exceed \$750.

10 (d) The amounts received from the retail sale of following
11 items shall not be exempt from this chapter:

12 (1) Furniture;

13 (2) Computer systems, devices, software, and peripherals
14 designed or intended primarily for recreational use;
15 and

16 (3) Video games of a non-educational nature.

17 (e) During the period of the annual exemption:

18 (1) Items normally sold in sets of two or more shall not
19 be separated to qualify for the exemption;

20 (2) Articles normally sold as a unit shall not be
21 separated to qualify for the exemption;



- 1 (3) If exempt items are sold together with taxable
2 merchandise as a set or single unit, the full price
3 shall be subject to the general excise tax unless the
4 price of the exempt item is separately stated;
- 5 (4) The total price of items advertised as "buy one, get
6 one free," or "buy one, get one for a reduced price,"
7 shall not be averaged in an attempt to have both items
8 qualify for the exemption; and
- 9 (5) A retailer may offer discounts to reduce the retail
10 price of an item to permit it to qualify for the
11 exemption.
- 12 (f) Retailers shall not be required to obtain any special
13 license, permit, or other documentation on sales of eligible
14 items during the annual exemption period. However, a retailer's
15 records shall clearly identify the type of item sold, the date
16 the item was sold, and the sales price of the item.
- 17 (g) No special reporting procedures shall be necessary to
18 report exempt sales made during the annual exemption period.
19 Sales shall be reported as required by law. The department may
20 further clarify the items that are exempt under this section by
21 rules adopted pursuant to chapter 91.



1 (h) This section shall not apply to any retailer when less
2 than two per cent of the retailer's merchandise offered for sale
3 qualifies for the annual exemption, provided that the retailer
4 shall offer a general excise tax refund of the amounts received
5 as general excise tax in lieu of the annual exemption."

6 SECTION 2. New statutory material is underscored.

7 SECTION 3. This Act shall take effect on July 1, 2009 and
8 apply to taxable years beginning after December 31, 2009.

9

INTRODUCED BY:

Cindy Evans

JAN 21 2009



Report Title:

General Excise Tax; Annual Exemption; School Supplies and Computers

Description:

Establishes an annual exemption from the general excise tax on the purchase of school supplies of less than \$50 per purchase and computers, computer software, and computer supplies of less than \$750 per purchase made between 12:01 A.M. on the last Friday in July and 11:59 P.M. the following Sunday.

