

JAN 28 2009

A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Chapter 231, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§231- Businesses domiciled out-of-state; nexus
5 presumptions. (a) Notwithstanding any law to the contrary, a
6 person or entity conducting business in this State that has its
7 commercial domicile in another state is presumed to be
8 systematically and regularly engaging in business in this State
9 and taxable under title 14 if, during any year:

- 10 (1) The person or entity engages in or solicits business
11 with twenty or more persons within this State; or
12 (2) The sum of the value of the person or entity's income,
13 gross proceeds, gross rental, or gross rental proceeds
14 attributable to sources in this State equals or
15 exceeds \$100,000.

16 (b) Notwithstanding any requirement under title 14 that a
17 person or entity assess and remit tax on a monthly basis, if a



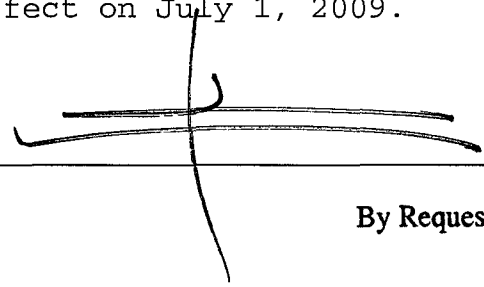
1 person is taxable in this State by reason of this section, the
2 person or entity may petition the director of taxation to allow
3 the assessment and remitting of tax on a basis other than
4 monthly for good cause. For purposes of this section, good
5 cause includes compliance with the Constitution of the United
6 States and compliance with the Constitution of the State of
7 Hawaii."

8 SECTION 2. New statutory material is underscored.

9 SECTION 3. This Act shall take effect on July 1, 2009.

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INTRODUCED BY: _____

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By Request



Report Title:

Taxation; Out-of-State Business; Nexus Standard

Description:

Creates a nexus standard for taxing out-of-state businesses on their business activities in Hawaii.

