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## A BILL FOR AN ACT

RELATING TO THE GENERAL EXCISE TAX.

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

1           SECTION 1. Section 237-31, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "§237-31 Remittances. (a) [~~All~~] Except as provided in  
4 subsection (b), all remittances of taxes imposed by this chapter  
5 shall be made by money, bank draft, check, cashier's check,  
6 money order, or certificate of deposit to the office of the  
7 department of taxation to which the return was transmitted. The  
8 department shall issue its receipts therefor to the taxpayer and  
9 shall pay the moneys into the state treasury as a state  
10 realization, to be kept and accounted for as provided by law;  
11 provided that:

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



1 credit of the state educational facilities improvement  
2 special fund; and

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

7 (b) Upon written request, and at the discretion of the  
8 director, a taxpayer who is a contractor, as defined in section  
9 237-6, and licensed pursuant to chapter 444, may pay taxes owed  
10 under this chapter by negotiating for, working on, and  
11 completing construction or renovation projects for the State.  
12 The director shall adopt rules pursuant to chapter 91 to  
13 facilitate this method of payment."

14 SECTION 2. The department of taxation, in cooperation with  
15 the departments of commerce and consumer affairs and accounting  
16 and general services, and the state procurement office, shall  
17 adopt rules pursuant to chapter 91, Hawaii Revised Statutes, to  
18 allow taxpayers who are contractors to pay their general excise  
19 tax liability by working on and completing construction and  
20 renovation projects for the State.

21 The rules adopted shall implement the following  
22 requirements:

- 1           (1) The contractor must be licensed pursuant to chapter
- 2                   444, Hawaii Revised Statutes;
- 3           (2) Eligible construction or renovation projects shall
- 4                   either:
- 5                   (A) Have received inadequate responses to invitations
- 6                           for bids or requests for proposals; or
- 7                   (B) Be valued at no more than \$25,000;
- 8           (3) In order to constitute payment of general excise tax
- 9                   liability, the contractor shall complete the project
- 10                   to the satisfaction of inspectors and standards
- 11                   established; and
- 12           (4) If the taxpayer fails to complete the project or
- 13                   becomes unlicensed, the taxpayer shall:
- 14                   (A) Owe the full amount of the general excise tax
- 15                           liability; and
- 16                   (B) Be liable for the costs of the entire project.

17           The department of taxation shall submit a report on its  
18 progress in adopting rules and policies for the purposes of this  
19 Act, including any proposed legislation, to the legislature no  
20 later than twenty days prior to the convening of the 2012  
21 regular session.

# H.B. NO. 831

1           SECTION 3. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3           SECTION 4. This Act, upon its approval, shall apply to  
4 taxable years beginning after December 31, 2010.

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INTRODUCED BY:

*Chris Kolby*  

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*By Request.*

JAN 24 2011



**Report Title:**

General Excise Tax; Contractors

**Description:**

Allows contractors to pay general excise tax liability by working on and completing construction or renovation projects for the State.

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

