



1 I,....., chief election officer (county  
 2 clerk) of Hawaii (county), do hereby certify that  
 3 ..... was on the ..... day of ..... [~~19~~]  
 4 20....., duly elected a ..... (name of office) for the  
 5 ..... district for a term expiring on the .....  
 6 day of ....., A.D. [~~19~~] 20.....

7 Witness my hand this ..... day of .....,  
 8 A.D. [~~19~~] 20.....

9 .....  
 10 Chief Election Officer (County Clerk)

11  
 12 The certificate of results shall be substantially in the  
 13 following form:

14  
 15 **CERTIFICATE OF RESULTS**

16  
 17 I, ....., chief election officer  
 18 (county clerk) of Hawaii (county), do hereby certify that  
 19 ..... (question) was on the ..... day of  
 20 ..... [~~19~~] 20....., duly adopted (rejected) by a  
 21 majority of the votes cast.

22 .....



1 Chief Election Officer (County Clerk)

2

3 If there is an election contest these certificates shall be  
4 delivered only after a final determination in the contest has  
5 been made and the time for an appeal has expired."

6 SECTION 2. Section 11-157, Hawaii Revised Statutes, is  
7 amended to read as follows:

8 "§11-157 In case of tie. In case of the failure of an  
9 election by reason of the equality of vote between two or more  
10 candidates, the tie shall be decided by the chief election  
11 officer or county clerk in the case of county elections in  
12 accordance with the following procedure:

13 (1) In the case of an election involving a seat for the  
14 senate, house of representatives, or county council  
15 where only voters within a specified district are  
16 allowed to cast a vote, the winner shall be declared  
17 as follows:

18 (A) For each precinct in the affected district, an  
19 election rate point shall be calculated by  
20 dividing the total voter turnout in that precinct  
21 by the total voter turnout in the district. For  
22 the purpose of this subparagraph, the absentee



1 votes cast for the affected district shall be  
2 treated as a precinct. The election rate point  
3 shall be calculated by dividing the total  
4 absentee votes cast for the affected district by  
5 the total voter turnout in that district. All  
6 election rate points shall be expressed as  
7 decimal fractions rounded to the nearest hundred  
8 thousandth;

9 (B) The candidate with the highest number of votes in  
10 a precinct shall be allocated the election rate  
11 point calculated under subparagraph (A) for that  
12 precinct. In the event that two or more persons  
13 are tied in receiving the highest number of votes  
14 for that precinct, the election rate point shall  
15 be equally apportioned among those candidates  
16 involved in that precinct tie;

17 (C) After the election rate points calculated under  
18 subparagraph (A) for all the precincts have been  
19 allocated as provided under subparagraph (B), the  
20 election rate points allocated to each candidate  
21 shall be tallied and the candidate with the



1 highest election rate point total shall be  
2 declared the winner; and

3 (D) If there is a tie between two or more candidates  
4 in the election rate point total, the candidate  
5 who is allocated the highest election rate points  
6 from the precinct with the largest voter turnout  
7 shall be declared the winner;

8 (2) In the case of an election involving a federal office  
9 or an elective office where the voters in the entire  
10 State or in an entire county are allowed to cast a  
11 vote, the winner shall be declared as follows:

12 (A) For each representative district in the State or  
13 county, as the case may be, an election rate  
14 point shall be calculated by dividing the total  
15 voter turnout in that representative district by  
16 the total voter turnout in the state, county, or  
17 federal office district, as the case may be;  
18 provided that for purposes of this subparagraph:

19 (i) The absentee votes cast for a statewide,  
20 countywide, or federal office shall be  
21 treated as a separate representative  
22 district and the election rate point shall



1 be calculated by dividing the total absentee  
2 votes cast for the statewide, countywide, or  
3 federal office by the total voter turnout in  
4 the state, county, or federal office  
5 district, as the case may be; and

6 (ii) The overseas votes cast for any election in  
7 the State for a federal office shall be  
8 treated as a separate representative  
9 district and the election rate point shall  
10 be calculated by dividing the total number  
11 of overseas votes cast for the affected  
12 federal office by the total voter turnout in  
13 the affected federal office district. The  
14 term "overseas votes" means those votes cast  
15 by absentee ballots for a presidential  
16 election as provided in section 15-3.

17 All election rate points shall be expressed as  
18 decimal fractions rounded to the nearest hundred  
19 thousandth;

20 (B) The candidate with the highest number of votes in  
21 a representative district shall be allocated the  
22 election rate point calculated under subparagraph



1 (A) for that district. In the event that two or  
2 more persons are tied in receiving the highest  
3 number of votes for that district, the election  
4 rate point shall be equally apportioned among  
5 those candidates involved in that district tie;

6 (C) After the election rate points calculated under  
7 subparagraph (A) for all the precincts have been  
8 allocated as prescribed under subparagraph (B),  
9 the election rate points allocated to each  
10 candidate shall be tallied and the candidate with  
11 the highest election rate point total shall be  
12 declared the winner; and

13 (D) If there is a tie between two or more candidates  
14 in the election rate point total, the candidate  
15 who is allocated the highest election rate points  
16 from the representative district with the largest  
17 voter turnout shall be declared the winner."

18 SECTION 3. Section 12-8, Hawaii Revised Statutes, is  
19 amended by amending subsection (f) to read as follows:

20 "(f) If a political party objects to the nomination paper  
21 filed by a candidate because the candidate is not a member of  
22 the party pursuant to the party's rules filed in conformance



1 with section 11-63, an officer of the party whose name appears  
2 on file with the chief election officer shall file a complaint  
3 in the circuit court for a prompt determination of the  
4 objection; provided that the complaint shall be filed with the  
5 clerk of the circuit court not later than 4:30 p.m. on the  
6 sixtieth [~~working~~] day or the next earliest working day prior to  
7 that election day."

8 SECTION 4. Section 121-15, Hawaii Revised Statutes, is  
9 amended to read as follows:

10 "**§121-15 Commissioned and warrant officers; transfer to**  
11 **inactive list, retirement, separation.** Officers may be  
12 transferred to the inactive or retired lists, or separated from  
13 the service as follows:

14 (1) An officer may be honorably discharged by reason of  
15 resignation, removal of residence from the State,  
16 failure to meet or maintain the requirements for  
17 federal recognition, or acceptance of an incompatible  
18 office.

19 (2) An officer who is eligible to be placed on the retired  
20 list under federal law, or who has completed the years  
21 of service required for retirement under chapter [67]  
22 1223 of Title 10, United States Code, may at the





1 officer's request be discharged, or with the approval  
2 of the governor be placed on the retired list.

3 (3) Any commissioned officer who has served in the same  
4 grade in the military service of the State for a  
5 continuous period of not less than ten years, upon the  
6 commissioned officer's own request, may be honorably  
7 discharged or placed on the retired list.

8 (4) Any officer who is rendered surplus by the disbandment  
9 of the officer's unit, or who changes the officer's  
10 residence within the State and is unable to serve with  
11 the unit to which the officer was assigned, shall be  
12 absorbed in another unit of the army or air national  
13 guard, or if there be no such other available unit the  
14 officer shall be transferred to an inactive status as  
15 authorized by the secretary of the army or of the air  
16 force, and may be ordered to perform appropriate  
17 duties.

18 (5) At any time the moral character, capacity, and general  
19 fitness for the service of any officer may be  
20 investigated and determined by an efficiency board of  
21 three commissioned or warrant officers, senior in rank  
22 to the officer if possible, to be appointed by the



1 governor. The investigation shall be thorough and  
2 impartial, and may include misconduct in civil life  
3 for which the officer is not amenable to trial by  
4 court-martial. If the findings are unfavorable to the  
5 officer and are approved by the governor, the officer  
6 shall be discharged.

7 (6) At any time the physical fitness for the service of  
8 any officer, upon order of the governor, may be  
9 investigated and determined by a board of not less  
10 than three commissioned officers, not less than two of  
11 whom shall be medical officers. If the board reports  
12 the officer to be physically unable to perform the  
13 duties of the officer's office, and the report is  
14 approved by the governor, the officer may be  
15 discharged or placed on the retired list.

16 (7) Any officer who is under sentence of imprisonment by a  
17 civil court for any offense involving moral turpitude,  
18 whether suspended or not, or who has been absent  
19 without leave for three months, or who refuses or  
20 neglects to report before the board provided in  
21 paragraph (5) or (6) within a period of three months  
22 from the time the officer is ordered to report before



1 the board may be discharged with the approval of the  
2 governor.

3 (8) Upon the approval by the governor of a sentence of  
4 dismissal rendered by a court-martial, the officer  
5 shall be dismissed."

6 SECTION 5. Section 128D-1, Hawaii Revised Statutes, is  
7 amended by amending the definition of "national contingency  
8 plan" to read as follows:

9 "National contingency plan" means the national contingency  
10 plan published under section [~~311(e)~~] 311(d) of the Clean Water  
11 Act or revised pursuant to section 105 of CERCLA."

12 SECTION 6. Section 142-61, Hawaii Revised Statutes, is  
13 amended by amending subsection (d) to read as follows:

14 "(d) Whenever fences are built on any boundary, or within  
15 the exterior boundaries of any privately owned land or lot, or  
16 within the exterior boundaries of any leased public land or lot,  
17 to keep animals confined to certain areas or to keep farms  
18 protected against the trespass of animals, except on the  
19 boundary of any government road, it shall be lawful to have  
20 fence wire electrically charged, provided such wire is fastened  
21 to insulators supported on posts, and provided also that the  
22 charge supplied shall be through an approved electric fence



1 controller which shall be labeled or listed as conforming to the  
2 standards of either the [~~National Bureau of Standards,~~] National  
3 Institute of Standards and Technology, the Underwriters  
4 Laboratories, Inc., or any other similar institutions of  
5 recognized standing, and provided that an electric fence  
6 controller intended for use in the State shall bear a recognized  
7 commercial trade name and the name of the selling agency of  
8 same."

9 SECTION 7. Section 144-4, Hawaii Revised Statutes, is  
10 amended by amending subsection (a) to read as follows:

11 "(a) Any commercial feed, other than custom-mixed or toll-  
12 milled feed, distributed in this State or imported shall be  
13 accompanied by a legible label bearing the following  
14 information:

- 15 (1) The net weight.
- 16 (2) The product name or brand name under which the  
17 commercial feed is distributed.
- 18 (3) The guaranteed analysis stated in such terms as the  
19 department by rule determines is required to advise  
20 the user of the composition of the commercial feed or  
21 to support claims made in the labeling. In all cases  
22 the substances or elements must be determinable by



1 laboratory methods published by the [~~Association of~~  
2 ~~Official Analytical Chemists~~] AOAC International.

3 (4) The common or official name of each ingredient used in  
4 the manufacture of the commercial feed, except as the  
5 department may, by rule, permit the use of a  
6 collective term for a group of ingredients all of  
7 which perform the same function.

8 (5) The name and principal address of the person  
9 responsible for distributing the commercial feed.

10 (6) Adequate directions for use for all commercial feeds  
11 containing drugs and for such other commercial feeds  
12 as the department may require by rule as necessary for  
13 their safe and effective use.

14 (7) Such precautionary statements as the department by  
15 rule determines are necessary for the safe and  
16 effective use of the commercial feed."

17 SECTION 8. Section 144-9, Hawaii Revised Statutes, is  
18 amended by amending subsection (e) to read as follows:

19 "(e) Sampling and analysis shall be conducted in  
20 accordance with methods published by the [~~Association of~~  
21 ~~Official Analytical Chemists~~] AOAC International or in  
22 accordance with other generally recognized methods."



1 SECTION 9. Section 235-2.4, Hawaii Revised Statutes, is  
2 amended by amending subsection (i) to read as follows:

3 "(i) Section 164 (with respect to taxes) of the Internal  
4 Revenue Code shall be operative for the purposes of this  
5 chapter, except that:

6 (1) Sections 164(a)(6) [~~164(b)(5)~~,] and 164(b)(6) shall  
7 not be operative for the purposes of this chapter; and

8 (2) The deductions under sections 164(a)(3) and 164(b)(5)  
9 shall not be operative for corporate taxpayers and  
10 shall be operative only for the following individual  
11 taxpayers:

12 (A) A taxpayer filing a single return or a married  
13 person filing separately with a federal adjusted  
14 gross income of less than \$100,000;

15 (B) A taxpayer filing as a head of household with a  
16 federal adjusted gross income of less than  
17 \$150,000; and

18 (C) A taxpayer filing a joint return or as a  
19 surviving spouse with a federal adjusted gross  
20 income of less than \$200,000."



1 SECTION 10. Chapter 431, Hawaii Revised Statutes, is  
2 amended by amending the title of part VIII of article 10D to  
3 read as follows:

4 "Part VIII. Use of Senior-Specific  
5 Certifications and Professional Designations"

6 SECTION 11. Section 432E-5, Hawaii Revised Statutes, is  
7 amended by amending subsection (d) to read as follows:

8 "(d) A health carrier shall send notice of its final  
9 internal determination within sixty days of the submission of  
10 the complaint to the enrollee, the enrollee's appointed  
11 representative, if applicable, the enrollee's treating provider,  
12 and the commissioner. The notice shall include the following  
13 information regarding the enrollee's rights and procedures:

- 14 (1) The enrollee's right to request an external review;  
15 (2) The one hundred thirty day deadline for requesting an  
16 external review;  
17 (3) Instructions on how to request an external review; and  
18 (4) Where to submit the request for an external review.

19 In addition to these general requirements, the notice shall  
20 conform to the requirements of ~~[section 432E-35.]~~ sections 432E-  
21 35 and 432E-36."



1 SECTION 12. Section 432E-35, Hawaii Revised Statutes, is  
2 amended by amending subsections (d) and (e) to read as follows:

3 "(d) If the commissioner determines that an enrollee is  
4 eligible for expedited external review even though the enrollee  
5 has not exhausted the health carrier's internal review process,  
6 the health carrier shall not be required to proceed with its  
7 internal review process. The health carrier may elect to  
8 proceed with its internal review process even though the request  
9 is determined by the commissioner to be eligible for expedited  
10 external review; provided that the internal review process shall  
11 not delay or terminate an expedited external review unless the  
12 health carrier decides to reverse its adverse determination and  
13 provide coverage or payment for the health care service that is  
14 the subject of the adverse determination. Immediately after  
15 making a decision to reverse its adverse determination, the  
16 health carrier shall notify the enrollee, the enrollee's  
17 authorized representative, the independent review organization  
18 assigned pursuant to subsection [~~(e)~~,] (e), and the commissioner  
19 [~~+~~]in writing[~~+~~] of its decision. The assigned independent  
20 review organization shall terminate the expedited external  
21 review upon receipt of notice from the health carrier pursuant  
22 to this subsection.





1 (e) Upon receipt of the notice pursuant to subsection  
2 [~~a~~] (b) or a determination of the commissioner pursuant to  
3 subsection [~~e~~] (d) that the enrollee meets the eligibility  
4 requirements for expedited external review, the commissioner  
5 shall immediately randomly assign an independent review  
6 organization to conduct the expedited external review from the  
7 list of approved independent review organizations qualified to  
8 conduct the external review, based on the nature of the health  
9 care service that is the subject of the adverse action and other  
10 factors determined by the commissioner including conflicts of  
11 interest pursuant to section 432E-43, compiled and maintained by  
12 the commissioner to conduct the external review and immediately  
13 notify the health carrier of the name of the assigned  
14 independent review organization."

15 SECTION 13. Section 514A-121.5, Hawaii Revised Statutes,  
16 is amended to read as follows:

17 "~~§514A-121.5~~ [+]Mediation[+]. If an apartment owner or the  
18 board of directors requests mediation of a dispute involving the  
19 interpretation or enforcement of the association of apartment  
20 owners' declaration, bylaws, [~~e~~] house rules, or a matter  
21 involving section 514A-82(b)(1) to (13), 514A-82.1, 514A-82.15,  
22 514A-82.3, 514A-82.5, 514-82.6, 514A-83, 514A-83.1, 514A-83.2,



1 514A-83.3, 514A-83.4, 514A-83.5, 514A-84, 514A-84.5, or 514A-92.5,  
2 the other party in the dispute shall be required to participate in  
3 mediation. Each party shall be wholly responsible for its own  
4 costs of participating in mediation, unless at the end of the  
5 mediation process, both parties agree that one party shall pay all  
6 or a specified portion of the mediation costs. If an apartment  
7 owner or the board of directors refuses to participate in the  
8 mediation of a particular dispute, a court may take this refusal  
9 into consideration when awarding expenses, costs, and attorney's  
10 fees."

11 SECTION 14. Section 514B-161, Hawaii Revised Statutes, is  
12 amended by amending subsection (a) to read as follows:

13 "(a) If [~~an apartment~~] a unit owner or the board of  
14 directors requests mediation of a dispute involving the  
15 interpretation or enforcement of the [~~association of apartment~~  
16 ~~owners~~] association's declaration, bylaws, or house rules, or a  
17 matter under part VI of this chapter, the other party in the  
18 dispute shall be required to participate in mediation. Each  
19 party shall be wholly responsible for its own costs of  
20 participating in mediation, unless at the end of the mediation  
21 process, both parties agree that one party shall pay all or a  
22 specified portion of the mediation costs. If a [~~party~~] unit



1 owner or the board of directors refuses to participate in the  
2 mediation of a particular dispute, a court may take this refusal  
3 into consideration when awarding expenses, costs, and attorneys'  
4 fees."

5 SECTION 15. Section 712-1240, Hawaii Revised Statutes, is  
6 amended by amending the definitions of "dangerous drugs" and  
7 "harmful drug" to read as follows:

8 "Dangerous drugs" means any substance or immediate  
9 precursor defined or specified as a "Schedule I substance" or a  
10 "Schedule II substance" by chapter 329, or a substance specified  
11 in section [~~329-18(e)(13)~~], 329-18(c)(14), except marijuana or  
12 marijuana concentrate.

13 "Harmful drug" means any substance or immediate precursor  
14 defined or specified as a "Schedule III substance" or a  
15 "Schedule IV substance" by chapter 329, or any marijuana  
16 concentrate except marijuana and a substance specified in  
17 section [~~329-18(e)(13)~~]. 329-18(c)(14)."

18 SECTION 16. Act 151, Session Laws of Hawaii 2009, is  
19 amended by amending section 28 to read as follows:

20 "SECTION 28. This Act shall take effect upon approval[-];  
21 provided that the amendments made to section 346-352, Hawaii  
22 Revised Statutes, by this Act shall not be repealed when section



1 346-352, Hawaii Revised Statutes, is reenacted on July 1, 2013,  
2 pursuant to section 5 of Act 92, Session Laws of Hawaii 2007."

3 **PART II**

4 SECTION 17. Section 235-1, Hawaii Revised Statutes, is  
5 amended by amending the definition of "prepaid legal service  
6 plan" to read as follows:

7 "" ~~[Prepaid legal]~~ Legal service plan ("Plan") means a  
8 ~~[group legal service]~~ plan in which the cost of the services are  
9 ~~[prepaid]~~ paid by ~~[the group member]~~ a member or by some other  
10 person or organization in the member's behalf. A ~~[group]~~ legal  
11 service plan is a plan by which legal services are rendered to  
12 ~~[individual members of a group]~~ members identifiable in terms of  
13 some common interest. A plan shall provide:

14 (A) That individual members shall be afforded freedom of  
15 choice in the selection of their own attorney or  
16 attorneys to provide legal services under such plan.

17 (B) For the payment of equal amounts for the cost of  
18 services rendered without regard to the identity of  
19 the attorney or attorneys selected by the plan member  
20 or members. No plan shall otherwise discriminate on  
21 the basis of such selection."



1 SECTION 18. Section 235-2.4, Hawaii Revised Statutes, is  
2 amended by amending subsection (z) to read as follows:

3 "(z) Sections 512 to 514 (with respect to taxation of  
4 business income of certain exempt organizations) of the Internal  
5 Revenue Code shall be operative for the purposes of this chapter  
6 as provided in this subsection.

7 "Unrelated business taxable income" means the same as in  
8 the Internal Revenue Code, except that in the computation  
9 thereof sections 235-3 to 235-5, and 235-7 (except subsection  
10 (c)), shall apply, and in the determination of the net operating  
11 loss deduction there shall not be taken into account any amount  
12 of income or deduction that is excluded in computing the  
13 unrelated business taxable income. Unrelated business taxable  
14 income shall not include any income from a [prepaid] legal  
15 service plan.

16 For a person described in section 401 or 501 of the  
17 Internal Revenue Code, as modified by section 235-2.3, the tax  
18 imposed by section 235-51 or 235-71 shall be imposed upon the  
19 person's unrelated business taxable income."

20 SECTION 19. Section 235-7, Hawaii Revised Statutes, is  
21 amended by amending subsection (a) to read as follows:



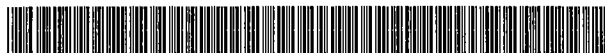
- 1           "(a) There shall be excluded from gross income, adjusted  
2 gross income, and taxable income:
- 3           (1) Income not subject to taxation by the State under the  
4           Constitution and laws of the United States;
- 5           (2) Rights, benefits, and other income exempted from  
6           taxation by section 88-91, having to do with the state  
7           retirement system, and the rights, benefits, and other  
8           income, comparable to the rights, benefits, and other  
9           income exempted by section 88-91, under any other  
10          public retirement system;
- 11          (3) Any compensation received in the form of a pension for  
12          past services;
- 13          (4) Compensation paid to a patient affected with Hansen's  
14          disease employed by the State or the United States in  
15          any hospital, settlement, or place for the treatment  
16          of Hansen's disease;
- 17          (5) Except as otherwise expressly provided, payments made  
18          by the United States or this State, under an act of  
19          Congress or a law of this State, which by express  
20          provision or administrative regulation or  
21          interpretation are exempt from both the normal and



- 1           surtaxes of the United States, even though not so  
2           exempted by the Internal Revenue Code itself;
- 3       (6) Any income expressly exempted or excluded from the  
4           measure of the tax imposed by this chapter by any  
5           other law of the State, it being the intent of this  
6           chapter not to repeal or supersede any express  
7           exemption or exclusion;
- 8       (7) Income received by each member of the reserve  
9           components of the Army, Navy, Air Force, Marine Corps,  
10          or Coast Guard of the United States of America, and  
11          the Hawaii national guard as compensation for  
12          performance of duty, equivalent to pay received for  
13          forty-eight drills (equivalent of twelve weekends) and  
14          fifteen days of annual duty, at an:
- 15       (A) E-1 pay grade after eight years of service;  
16           provided that this subparagraph shall apply to  
17           taxable years beginning after December 31, 2004;
- 18       (B) E-2 pay grade after eight years of service;  
19           provided that this subparagraph shall apply to  
20           taxable years beginning after December 31, 2005;



- 1 (C) E-3 pay grade after eight years of service;  
2 provided that this subparagraph shall apply to  
3 taxable years beginning after December 31, 2006;
- 4 (D) E-4 pay grade after eight years of service;  
5 provided that this subparagraph shall apply to  
6 taxable years beginning after December 31, 2007;  
7 and
- 8 (E) E-5 pay grade after eight years of service;  
9 provided that this subparagraph shall apply to  
10 taxable years beginning after December 31, 2008;
- 11 (8) Income derived from the operation of ships or aircraft  
12 if the income is exempt under the Internal Revenue  
13 Code pursuant to the provisions of an income tax  
14 treaty or agreement entered into by and between the  
15 United States and a foreign country; provided that the  
16 tax laws of the local governments of that country  
17 reciprocally exempt from the application of all of  
18 their net income taxes, the income derived from the  
19 operation of ships or aircraft that are documented or  
20 registered under the laws of the United States;





- 1           (9) The value of legal services provided by a [prepaid]  
2           legal service plan to a taxpayer, the taxpayer's  
3           spouse, and the taxpayer's dependents;
- 4           (10) Amounts paid, directly or indirectly, by a [prepaid]  
5           legal service plan to a taxpayer as payment or  
6           reimbursement for the provision of legal services to  
7           the taxpayer, the taxpayer's spouse, and the  
8           taxpayer's dependents;
- 9           (11) Contributions by an employer to a [prepaid] legal  
10          service plan for compensation (through insurance or  
11          otherwise) to the employer's employees for the costs  
12          of legal services incurred by the employer's  
13          employees, their spouses, and their dependents;
- 14          (12) Amounts received in the form of a monthly surcharge by  
15          a utility acting on behalf of an affected utility  
16          under section 269-16.3 shall not be gross income,  
17          adjusted gross income, or taxable income for the  
18          acting utility under this chapter. Any amounts  
19          retained by the acting utility for collection or other  
20          costs shall not be included in this exemption; and
- 21          (13) One hundred per cent of the gain realized by a fee  
22          simple owner from the sale of a leased fee interest in



1 units within a condominium project, cooperative  
2 project, or planned unit development to the  
3 association of owners under chapter 514A or 514B, or  
4 the residential cooperative corporation of the  
5 leasehold units.

6 For purposes of this paragraph:

7 "Fee simple owner" shall have the same meaning as  
8 provided under section 516-1; provided that it shall  
9 include legal and equitable owners;

10 "Legal and equitable owner", and "leased fee  
11 interest" shall have the same meanings as provided  
12 under section 516-1; and

13 "Condominium project" and "cooperative project"  
14 shall have the same meanings as provided under section  
15 514C-1."

16 SECTION 20. Section 237-1, Hawaii Revised Statutes, is  
17 amended by amending the definition of "prepaid legal service  
18 plan" to read as follows:

19 "[~~Prepaid legal~~] Legal service plan" ("Plan") means a  
20 [~~group legal service~~] plan in which the cost of the services are  
21 [~~prepaid~~] paid by [~~the group member~~] a member or by some other  
22 person or organization in the member's behalf. A [~~group~~] legal



1 service plan is a plan by which legal services are rendered to  
2 [~~individual members of a group~~] members identifiable in terms of  
3 some common interest. A plan shall provide:

4 (A) That individual members shall be afforded freedom of  
5 choice in the selection of their own attorney or  
6 attorneys to provide legal services under such plan.

7 (B) For the payment of equal amounts for the cost of  
8 services rendered without regard to the identity of  
9 the attorney or attorneys selected by the plan member  
10 or members. No plan shall otherwise discriminate on  
11 the basis of such selection."

12 SECTION 21. Section 237-23, Hawaii Revised Statutes, is  
13 amended by amending subsection (a) to read as follows:

14 "(a) This chapter shall not apply to the following  
15 persons:

16 (1) Public service companies as that term is defined in  
17 section 239-2, with respect to the gross income,  
18 either actual gross income or gross income estimated  
19 and adjusted, that is included in the measure of the  
20 tax imposed by chapter 239;

21 (2) Public utilities owned and operated by the State or  
22 any county, or other political subdivision thereof;



- 1           (3) Fraternal benefit societies, orders, or associations,  
2           operating under the lodge system, or for the exclusive  
3           benefit of the members of the fraternity itself,  
4           operating under the lodge system, and providing for  
5           the payment of death, sick, accident, [~~prepaid legal~~  
6           ~~services,~~] a legal service plan, or other benefits to  
7           the members of the societies, orders, or associations,  
8           and to their dependents;
- 9           (4) Corporations, associations, trusts, or societies  
10          organized and operated exclusively for religious,  
11          charitable, scientific, or educational purposes, as  
12          well as that of operating senior citizens housing  
13          facilities qualifying for a loan under the laws of the  
14          United States as authorized by section 202 of the  
15          Housing Act of 1959, as amended, as well as that of  
16          operating a [~~prepaid legal services~~] legal service  
17          plan, as well as that of operating or managing a  
18          homeless facility, or any other program for the  
19          homeless authorized under part XVII of chapter 346;
- 20          (5) Business leagues, chambers of commerce, boards of  
21          trade, civic leagues, agricultural and horticultural  
22          organizations, and organizations operated exclusively



1 for the benefit of the community and for the promotion  
2 of social welfare that shall include the operation of  
3 a [prepaid] legal service plan, and from which no  
4 profit inures to the benefit of any private  
5 stockholder or individual;

6 (6) Hospitals, infirmaries, and sanitararia;

7 (7) Cooperative associations incorporated under chapter  
8 421 or Code section 521 cooperatives which fully meet  
9 the requirements of section 421-23, except Code  
10 section 521 cooperatives need not be organized in  
11 Hawaii; provided that:

12 (A) The exemption shall apply only to the gross  
13 income derived from activities that are pursuant  
14 to purposes and powers authorized by chapter 421,  
15 except those provisions pertaining to or  
16 requiring corporate organization in Hawaii do not  
17 apply to Code section 521 cooperatives;

18 (B) The exemption shall not relieve any person who  
19 receives any proceeds of sale from the  
20 association of the duty of returning and paying  
21 the tax on the total gross proceeds of the sales  
22 on account of which the payment was made, in the



1 same amount and at the same rate as would apply  
2 thereto had the sales been made directly by the  
3 person, and all those persons shall be so  
4 taxable; and

5 (C) As used in this paragraph, "Code section 521  
6 cooperatives" mean associations that qualify as a  
7 cooperative under section 521 (with respect to  
8 exemption of farmers' cooperatives from tax) of  
9 the Internal Revenue Code of 1986, as amended;

10 (8) Persons affected with Hansen's disease and kokuas,  
11 with respect to business within the county of Kalawao;

12 (9) Corporations, companies, associations, or trusts  
13 organized for the establishment and conduct of  
14 cemeteries no part of the net earnings of which inures  
15 to the financial benefit of any private stockholder or  
16 individual; provided that the exemption shall apply  
17 only to the activities of those persons in the conduct  
18 of cemeteries and shall not apply to any activity the  
19 primary purpose of which is to produce income, even  
20 though the income is to be used for or in the  
21 furtherance of the exempt activities of those persons;  
22 and



1 (10) Nonprofit shippers associations operating under part  
2 296 of the Civil Aeronautics Board Economic  
3 Regulations."

4 SECTION 22. Section 431:1-201, Hawaii Revised Statutes, is  
5 amended by amending subsection (b) to read as follows:

6 "(b) The following contracts are not considered to be  
7 insurance for the purposes of this code:

8 (1) A bond with respect to which no premium is charged or  
9 paid;

10 (2) A bond or contract or undertaking in the performance  
11 of which the surety has an interest other than that of  
12 surety;

13 (3) A plan or agreement between an employer and any  
14 employee or the employee's representative,  
15 individually or collectively, by the terms of which  
16 the employer or the parties to the plan or agreement  
17 agree to contribute to the cost of nonoccupational  
18 disability benefits, medical attention, treatment or  
19 hospitalization for the employee or members of the  
20 employee's family unless such plan is underwritten by  
21 an insurer as defined in this article;



1 (4) A [~~prepaid~~] legal service plan as defined in chapter  
2 488 other than plans in which either the [~~group~~]  
3 person or entity offering the plan or the person  
4 administering the plan is otherwise subject to this  
5 code;

6 (5) Any unincorporated interindemnity or reciprocal or  
7 interinsurance contract, which qualifies under chapter  
8 435E between members of a cooperative corporation,  
9 whose members consist only of physicians and surgeons  
10 licensed in Hawaii, which contracts indemnify solely  
11 in respect to medical malpractice claims against such  
12 members, and which do not collect in advance of loss  
13 any moneys other than contributions by each member to  
14 a collective reserve trust fund or for necessary  
15 expenses of administration."

16 SECTION 23. Section 432:1-104, Hawaii Revised Statutes, is  
17 amended to read as follows:

18 "§432:1-104 **Definitions.** For the purposes of this  
19 article:

20 (1) Commissioner means the insurance commissioner of the  
21 State of Hawaii.





1           (2) Mutual benefit society is any corporation,  
2           unincorporated association, society, or entity:  
3           (A) Organized and carried on for the primary benefit  
4           of its members and their beneficiaries and not  
5           for profit, and:  
6           (i) Making provision for the payment of benefits  
7           in case of sickness, disability, or death of  
8           its members, or disability, or death of its  
9           members' spouses or reciprocal beneficiaries  
10           or children, or  
11           (ii) Making provision for the payment of any  
12           other benefits to or for its members,  
13           whether or not the amount of the benefits is  
14           fixed or rests in the discretion of the society,  
15           its officers, or any other person or persons; and  
16           the fund from which the payment of the benefits  
17           shall be defrayed is derived from assessments or  
18           dues collected from its members, and the payment  
19           of death benefits is made to the families  
20           including reciprocal beneficiaries, heirs, blood  
21           relatives, or persons named by its members as  
22           their beneficiaries; or



- 1 (B) Organized and carried on for any purpose, which:
- 2 (i) Regularly requires money to be paid to it by
- 3 its members, whether the money be in the
- 4 form of dues, subscriptions, receipts,
- 5 contributions, assessments or otherwise, and
- 6 (ii) Provides for the payment of any benefit or
- 7 benefits or the payment of any money or the
- 8 delivery of anything of value to its members
- 9 or their relatives including reciprocal
- 10 beneficiaries, or to any person or persons
- 11 named by its members as their beneficiaries,
- 12 or to any class of persons which includes or
- 13 may include its members,
- 14 whether or not the amount or value of the
- 15 benefit, benefits, money, or thing of value is
- 16 fixed, or rests in the discretion of the society,
- 17 its officers, or any other person or persons; or
- 18 (C) Organized and carried on for any purpose, whose
- 19 requirements and provisions although not
- 20 identical with, are determined by the
- 21 commissioner to be substantially similar to,
- 22 those enumerated in subparagraphs (A) and (B).



1           Participating in a [prepaid] legal service plan  
2           subject to chapter 488 shall not in itself make a  
3           corporation, unincorporated association, society, or  
4           entity a mutual benefit society and subject to this  
5           article."

6           SECTION 24. Section 432:2-101, Hawaii Revised Statutes, is  
7 amended to read as follows:

8           "**§432:2-101 Scope of article.** This article relates only  
9 to fraternal benefit societies, as defined herein, which desire  
10 to be authorized to pay benefits in accordance with this article  
11 after July 10, 1961. This article shall not apply to [prepaid]  
12 legal service plans subject to chapter 488 even though the plan  
13 may be offered by a fraternal benefit society."

14   **PART III**

15           SECTION 25. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17           SECTION 26. This Act shall take effect on July 1, 2050;  
18 provided that section 9, amending section 235-2.4, Hawaii  
19 Revised Statutes, shall take effect retroactive to January 1,  
20 2011; and provided further that the amendments made to section  
21 235-7(a), Hawaii Revised Statutes, by section 19, shall not be  
22 repealed when section 235-7(a), Hawaii Revised Statutes, is



1 reenacted on January 1, 2013, pursuant to Act 166, Session Laws  
2 of Hawaii 2007.



**Report Title:**  
Revision Bill

**Description:**

Amends various provisions of the Hawaii Revised Statutes and the Session Laws of Hawaii for the purpose of correcting errors and references and clarifying language. Effective 07/01/50. (SD1)

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

