

TAXBILLSERVICE

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SUBJECT: GENERAL EXCISE, Denial of general excise tax benefits

BILL NUMBER: SB 1185; HB 954 (Identical)

INTRODUCED BY: SB by Kim by request; HB by Souki by request

BRIEF SUMMARY: Amends HRS sections 237-9.3 and 237-41.5 to amend the definition of “nonprofit organization” from references to the federal Internal Revenue Code (IRC) to those organizations exempt under HRS chapter 237 - sections 237-23(a)(3), (4), (5), (6) and (7).

EFFECTIVE DATE: July 1, 2013

STAFF COMMENTS: This is an administration measure submitted by the department of taxation TAX-02 (13). This measure changes the definition of nonprofit organizations from making reference to the federal IRS to the organizations exempt under the general excise tax law to clarify the application of the laws delineating the denial of general excise tax benefits as it is applicable to nonprofit organizations as outlined in the general excise tax law.

While the attached justification sheet contains other proposed purposes of the measure, such as providing nonprofit organizations about the need to comply, that notice is already in current law.

Digested 1/28/13