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## A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Act 105, Session Laws of Hawaii 2011, is  
2 amended as follows:

3 1. By amending section 1 to read:

4 "SECTION 1. The purpose of this Act is to [~~temporarily~~]  
5 suspend the general excise and use tax exemptions for certain  
6 amounts received by certain persons and, instead, require those  
7 persons to pay the applicable tax on those amounts at a  
8 specified rate. The suspension and imposition of the tax  
9 commences on July 1, 2011[, ~~and ends on June 30, 2013~~].

10 This Act does not suspend the existing general excise tax  
11 exemption for nonprofit organizations with the exception of the  
12 value or gross income received by nonprofit organizations from  
13 certain conventions, conferences, trade shows, or display  
14 spaces."

15 2. By amending the title and subsections (a) and (b) of  
16 section 237- , relating to temporary suspension of exemption  
17 of certain amounts; levy of tax, in section 2 to read:



1           " "§237-     ~~Temporary suspension~~ Suspension of exemption  
2 of certain amounts; levy of tax. (a) Notwithstanding any other  
3 law to the contrary, the exemption of the following amounts from  
4 taxation under this chapter shall be suspended from July 1,  
5 2011[, ~~through June 30, 2013~~]:

- 6           (1) Amounts deducted from the gross income received by  
7                 contractors as described under section 237-13(3)(B);
- 8           (2) Reimbursements received by federal cost-plus  
9                 contractors for the costs of purchased materials,  
10                plant, and equipment as described under section 237-  
11                13(3)(C);
- 12          (3) Gross receipts of home service providers acting as  
13                 service carriers providing mobile telecommunications  
14                 services to other home service providers as described  
15                 under section 237-13(6)(D);
- 16          (4) Amounts deducted from the gross income of real  
17                 property lessees because of receipt from sublessees as  
18                 described under section 237-16.5;
- 19          (5) The value or gross income received by nonprofit  
20                 organizations from certain conventions, conferences,  
21                 trade show exhibits, or display spaces as described  
22                 under section 237-16.8;



- 1           (6) Amounts received by sugarcane producers as described
- 2                   under section 237-24(14);
- 3           (7) Amounts received from the loading, transportation, and
- 4                   unloading of agricultural commodities shipped
- 5                   interisland as described under section 237-24.3(1);
- 6           (8) Amounts received from the sale of intoxicating liquor,
- 7                   cigarettes and tobacco products, and agricultural,
- 8                   meat, or fish products to persons or common carriers
- 9                   engaged in interstate or foreign commerce as described
- 10                  under section 237-24.3(2);
- 11           (9) Amounts received or accrued from the loading or
- 12                   unloading of cargo as described under section 237-
- 13                   24.3(4)(A);
- 14           (10) Amounts received or accrued from tugboat services and
- 15                   towage [~~services~~] as described under section 237-
- 16                   24.3(4)(B);
- 17           (11) Amounts received or accrued from the transportation of
- 18                   pilots or government officials and other maritime-
- 19                   related services as described under section 237-
- 20                   24.3(4)(C);



- 1       (12) Amounts received by labor organizations for real  
2             property leases as described under section 237-  
3             24.3(10);
- 4       (13) Amounts received as rent for the rental and leasing of  
5             aircraft or aircraft engines used for interstate air  
6             transportation as described under section 237-  
7             24.3(12);
- 8       (14) Amounts received by exchanges and exchange members as  
9             described under section 237-24.5;
- 10      (15) Amounts received as high technology research and  
11            development grants under section 206M-15 as described  
12            under section 237-24.7(10);
- 13      (16) Amounts received from the servicing and maintenance of  
14            aircraft or construction of aircraft service and  
15            maintenance facilities as described under section 237-  
16            24.9;
- 17      (17) Gross proceeds from the sale of the following:  
18            (A) Intoxicating liquor to the United States  
19                (including any agency or instrumentality of the  
20                United States that is wholly owned or otherwise  
21                so constituted as to be immune from the levy of a  
22                tax under chapter 238 or 244D, but not including



1 national banks) or any organization to which the  
2 sale is permitted by the proviso of "Class 3" of  
3 section 281-31 that is located on any Army, Navy,  
4 or Air Force reservation as described under  
5 section 237-25(a)(1);

6 (B) Tobacco products and cigarettes to the United  
7 States (including any agency or instrumentality  
8 thereof that is wholly owned or otherwise so  
9 constituted as to be immune from the levy of tax  
10 under chapter 238 or 245, but not including  
11 national banks) as described under section 237-  
12 25(a)(2); and

13 (C) "Other tangible personal property" to the United  
14 States (including any agency, instrumentality, or  
15 federal credit union thereof, but not including  
16 national banks) and any state-chartered credit  
17 union as described under section 237-25(a)(3);

18 (18) Amounts received by petroleum product refiners from  
19 other refiners for further refining of petroleum  
20 products as described under section 237-27;

21 (19) Gross proceeds received from the construction,  
22 reconstruction, erection, operation, use, maintenance,



- 1 or furnishing of air pollution control facilities, as  
2 described under section 237-27.5, that do not have  
3 valid certificates of exemption on July 1, 2011;
- 4 (20) Gross proceeds received from shipbuilding and ship  
5 repairs as described under section 237-28.1;
- 6 (21) Amounts received by telecommunications common carriers  
7 from call center operators for interstate or foreign  
8 telecommunications services as described under section  
9 237-29.8;
- 10 (22) Gross proceeds received by qualified businesses in  
11 enterprise zones, as described under section 209E-11,  
12 that do not have valid certificates of qualification  
13 from the department of business, economic development,  
14 and tourism on July 1, 2011; and
- 15 (23) Gross proceeds received by contractors licensed under  
16 chapter 444 for construction within enterprise zones  
17 performed for qualified businesses within the  
18 enterprise zones or businesses approved by the  
19 department of business, economic development, and  
20 tourism to enroll into the enterprise zone program, as  
21 described under section 209E-11.



1 (b) Except as otherwise provided under subsection (f),  
2 (g), or (h), there is levied, assessed, and collected annually  
3 against a taxpayer receiving or deriving previously exempt gross  
4 income or gross proceeds of sale from July 1, 2011[, to June 30,  
5 2013], a tax at the rate of four per cent on that previously  
6 exempt gross income or gross proceeds of sale."

7 3. By amending the title and subsection (a) of section  
8 238- , relating to temporary suspension of exemption of  
9 certain amounts; levy of tax, in section 3 to read:

10 "§238- ~~[Temporary suspension]~~ Suspension of exemption  
11 of certain amounts; levy of tax. (a) Notwithstanding any other  
12 law to the contrary, the exemption of the following from  
13 taxation under this chapter shall be suspended from July 1,  
14 2011[, through June 30, 2013]:

15 (1) The leasing or renting of aircraft or keeping of  
16 aircraft solely for leasing or renting for commercial  
17 transportation of passengers and goods or the  
18 acquisition or importation of aircraft or aircraft  
19 engines by a lessee or renter engaged in interstate  
20 air transportation, as described under paragraph (6)  
21 of the definition of "use" in section 238-1;



- 1           (2) The use of oceangoing vehicles for passenger or  
2           passenger and goods transportation from one point to  
3           another within the State as a public utility, as  
4           described under paragraph (7) of the definition of  
5           "use" in section 238-1;
- 6           (3) The use of material, parts, or tools imported or  
7           purchased by a person licensed under chapter 237 that  
8           are used for aircraft service and maintenance or the  
9           construction of an aircraft service and maintenance  
10          facility, as described under paragraph (8) of the  
11          definition of "use" in section 238-1;
- 12          (4) The use or sale of intoxicating liquor and cigarette  
13          and tobacco products imported into the State and sold  
14          to any person or common carrier in interstate  
15          commerce, whether ocean-going or air, for consumption  
16          out of State by the person, crew, or passengers on the  
17          shipper's vessels or airplanes, as described under  
18          section 238-3(g);
- 19          (5) The use of any vessel constructed under section 189-25  
20          prior to July 1, 1969, as described under section 238-  
21          3(h); and





1 (6) The use of any air pollution control facility [subject  
 2 ~~to~~ exempted by section 237-27.5 as described under  
 3 section 238-3(k)."

4 4. By amending section 6 to read:

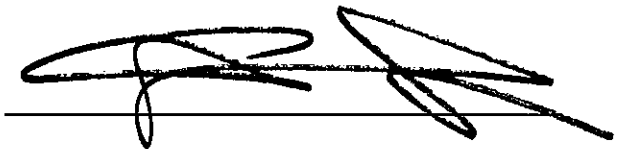
5 "SECTION 6. This Act shall take effect on July 1, 2011[  
 6 ~~and shall be repealed on June 30, 2013]~~."

7 SECTION 2. Statutory material to be repealed is bracketed  
 8 and stricken. New statutory material is underscored.

9 SECTION 3. This Act shall take effect on June 29, 2013.

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INTRODUCED BY: \_\_\_\_\_



JAN 24 2013



# H.B. NO. 1360

**Report Title:**

General Excise Tax; Use Tax; Suspension of Exemptions

**Description:**

Makes permanent the suspension of certain General Excise Tax and Use Tax exemptions as enacted by Act 105, Session Laws of Hawaii 2011. Effective June 29, 2013.

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

