

JAN 18 2013

A BILL FOR AN ACT

RELATING TO EXPORTS.

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

1 SECTION 1. Section 237-26, Hawaii Revised Statutes, is
2 amended to read as follows:
3 "**§237-26 Exemption of certain scientific contracts with**
4 **the United States.** (a) Any provision of law to the contrary
5 notwithstanding, there shall be exempted from the measure of the
6 taxes imposed by chapter 237, all of the gross proceeds derived
7 by a contractor or subcontractor arising from the performance of
8 any scientific work as defined in subsection (b), under a
9 contract or subcontract entered into with the United States
10 (including any agency or instrumentality thereof but not
11 including national banks), and all of the gross proceeds derived
12 from the sale of tangible personal property by a seller of such
13 tangible personal property to such contractor or subcontractor;
14 provided the exemption herein shall apply only to such tangible
15 personal property which is to be affixed to, or to become a
16 physical, integral part of the scientific facility, or which is
17 to be entirely consumed during the performance of the service
18 required by the contract or subcontract.



1 (b) For purposes of this section, "scientific work" is
2 work involving primarily the research and development for, or
3 the design, manufacture, instrumentation, installation,
4 maintenance, or operation of aerospace, agricultural,
5 astronomical, biomedical, electronic, geophysical,
6 oceanographic, test range, or other scientific facilities.
7 Maintenance or operation, for purposes of this section, shall
8 include housekeeping functions in providing certain
9 nonscientific logistic and support services.

10 (c) For purposes of this section, "tangible personal
11 property" shall not include seed, as defined in section 147-
12 122."

13 SECTION 2. Section 237-29.5, Hawaii Revised Statutes, is
14 amended to read as follows:

15 **"§237-29.5 Exemption for sales of tangible personal**
16 **property shipped out of the State.** (a) There shall be exempted
17 from, and excluded from the measure of, the taxes imposed by
18 this chapter all of the value or gross proceeds arising from the
19 manufacture, production, or sale of tangible personal property:

20 (1) Shipped by the manufacturer, producer, or seller to a
21 point outside the State where the property is resold
22 or otherwise consumed or used outside the State; or



1 (2) The sale of which is exempt under section 237-24.3(2).

2 (b) For the purposes of this section, the manufacturer,
3 producer, or seller shall take from the purchaser, a
4 certificate, in such form as the department shall prescribe,
5 certifying that the tangible personal property purchased is to
6 be resold or otherwise consumed or used outside the State. Any
7 purchaser who shall furnish such a certificate shall be
8 obligated to pay to the seller, upon demand, if the property
9 purchased is not resold or otherwise consumed or used outside
10 the State, the amount of the additional tax which by reason
11 thereof is imposed upon the seller.

12 (c) For purposes of this section, "tangible personal
13 property" shall not include seed, as defined in section 147-
14 122."

15 SECTION 3. New statutory material is underscored.

16 SECTION 4. This Act shall take effect upon its approval.

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S.B. NO. 365

Report Title:

Tax; Exports; Seed

Description:

Removes seed, as defined under section 147-122, Hawaii Revised Statutes, from the general excise tax exemption for certain scientific contracts with the United States and the export of "tangible personal property" from the State.

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