
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Section 238-2, Hawaii Revised Statutes, is
2 amended to read as follows:
3 "§238-2 Imposition of tax on tangible personal property;
4 exemptions. There is hereby levied an excise tax on the use in
5 this State of tangible personal property which is imported by a
6 taxpayer in this State whether owned, purchased from an
7 unlicensed seller, or however acquired for use in this State.
8 The tax imposed by this chapter shall accrue when the property
9 is acquired by the importer or purchaser and becomes subject to
10 the taxing jurisdiction of the State. The rates of the tax
11 hereby imposed and the exemptions thereof are as follows:
12 (1) If the importer or purchaser is licensed under chapter
13 237 and is:
14 (A) A wholesaler or jobber importing or purchasing
15 for purposes of sale or resale; or
16 (B) A manufacturer importing or purchasing material
17 or commodities which are to be incorporated by



1 the manufacturer into a finished or saleable
2 product (including the container or package in
3 which the product is contained) wherein it will
4 remain in such form as to be perceptible to the
5 senses, and which finished or saleable product is
6 to be sold in such manner as to result in a
7 further tax on the activity of the manufacturer
8 as the manufacturer or as a wholesaler, and not
9 as a retailer,

10 there shall be no tax; provided that if the
11 wholesaler, jobber, or manufacturer is also engaged in
12 business as a retailer (so classed under chapter 237),
13 paragraph (2) shall apply to the wholesaler, jobber,
14 or manufacturer, but the director of taxation shall
15 refund to the wholesaler, jobber, or manufacturer, in
16 the manner provided under section 231-23(c) such
17 amount of tax as the wholesaler, jobber, or
18 manufacturer shall, to the satisfaction of the
19 director, establish to have been paid by the
20 wholesaler, jobber, or manufacturer to the director
21 with respect to property which has been used by the



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- 1 wholesaler, jobber, or manufacturer for the purposes
2 stated in this paragraph;
- 3 (2) If the importer or purchaser is licensed under chapter
4 237 and is:
- 5 (A) A retailer or other person importing or
6 purchasing for purposes of sale or resale, not
7 exempted by paragraph (1) [7], and whose annual
8 gross sales are not in excess of \$ _____;
- 9 (B) A manufacturer importing or purchasing material
10 or commodities which are to be incorporated by
11 the manufacturer into a finished or saleable
12 product (including the container or package in
13 which the product is contained) wherein it will
14 remain in such form as to be perceptible to the
15 senses, and which finished or saleable product is
16 to be sold at retail in this State, in such
17 manner as to result in a further tax on the
18 activity of the manufacturer in selling such
19 products at retail;
- 20 (C) A contractor importing or purchasing material or
21 commodities which are to be incorporated by the



1 contractor into the finished work or project
2 required by the contract and which will remain in
3 such finished work or project in such form as to
4 be perceptible to the senses;

5 (D) A person engaged in a service business or calling
6 as defined in section 237-7, or a person
7 furnishing transient accommodations subject to
8 the tax imposed by section 237D-2, in which the
9 import or purchase of tangible personal property
10 would have qualified as a sale at wholesale as
11 defined in section 237-4(a)(8) had the seller of
12 the property been subject to the tax in chapter
13 237; or

14 (E) A publisher of magazines or similar printed
15 materials containing advertisements, when the
16 publisher is under contract with the advertisers
17 to distribute a minimum number of magazines or
18 similar printed materials to the public or
19 defined segment of the public, whether or not
20 there is a charge to the persons who actually



1 receive the magazines or similar printed
2 materials,
3 the tax shall be one-half of one per cent of the
4 purchase price of the property, if the purchase and
5 sale are consummated in Hawaii; or, if there is no
6 purchase price applicable thereto, or if the purchase
7 or sale is consummated outside of Hawaii, then one-
8 half of one per cent of the value of such property;
9 [and]

10 (3) If the importer or purchaser is licensed under chapter
11 237 and is a retailer or other person importing or
12 purchasing for purposes of sale or resale, not
13 exempted by paragraph (1), and whose annual gross
14 sales are in excess of \$ _____, the tax shall be
15 _____ per cent of the purchase price of the property,
16 if the purchase and sale are consummated in Hawaii;
17 or, if there is no purchase price applicable thereto,
18 or if the purchase or sale is consummated outside of
19 Hawaii, then _____ per cent of the value of such
20 property; and



1 [~~3~~] (4) In all other cases, four per cent of the value of
2 the property.

3 For purposes of this section, tangible personal property is
4 property that is imported by the taxpayer for use in this State,
5 notwithstanding the fact that title to the property, or the risk
6 of loss to the property, passes to the purchaser of the property
7 at a location outside this State."

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

10 SECTION 3. This Act shall take effect on July 1, 2016.

11

INTRODUCED BY:

Chen W. Choy

B/R

JAN 13 2016



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Report Title:

Use Tax; Import Tax; Tangible Personal Property

Description:

Amends the use tax rate for importers or purchasers of tangible personal property into the State for retail sale and whose annual gross sales exceed \$ from 0.5% to an unspecified per cent.

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