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## A BILL FOR AN ACT

RELATING TO THE GENERAL EXCISE TAX EXEMPTION FOR CERTAIN  
SCIENTIFIC CONTRACTS WITH THE UNITED STATES.

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

1 SECTION 1. Section 238-3, Hawaii Revised Statutes, is  
2 amended by amending subsection (j) to read as follows:

3 "(j) The tax imposed by this chapter shall not apply to  
4 any use of property, services, or contracting exempted by  
5 ~~[section 237-26 or]~~ section 237-29."

6 SECTION 2. Section 237-26, Hawaii Revised Statutes, is  
7 repealed.

8 ~~["§237-26 Exemption of certain scientific contracts with~~  
9 ~~the United States. (a) Any provision of law to the contrary~~  
10 ~~notwithstanding, there shall be exempted from the measure of the~~  
11 ~~taxes imposed by chapter 237, all of the gross proceeds derived~~  
12 ~~by a contractor or subcontractor arising from the performance of~~  
13 ~~any scientific work as defined in subsection (b), under a~~  
14 ~~contract or subcontract entered into with the United States~~  
15 ~~(including any agency or instrumentality thereof but not~~  
16 ~~including national banks), and all of the gross proceeds derived~~



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1 ~~from the sale of tangible personal property by a seller of such~~  
 2 ~~tangible personal property to such contractor or subcontractor,~~  
 3 ~~provided the exemption herein shall apply only to such tangible~~  
 4 ~~personal property which is to be affixed to, or to become a~~  
 5 ~~physical, integral part of the scientific facility, or which is~~  
 6 ~~to be entirely consumed during the performance of the service~~  
 7 ~~required by the contract or subcontract.~~

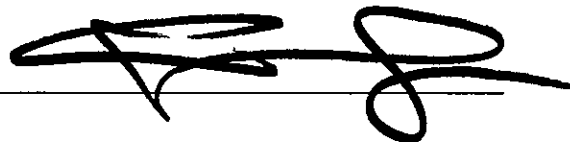
8       ~~(b) For purposes of this section, "scientific work" is~~  
 9 ~~work involving primarily the research and development for, or~~  
 10 ~~the design, manufacture, instrumentation, installation,~~  
 11 ~~maintenance, or operation of aerospace, agricultural,~~  
 12 ~~astronomical, biomedical, electronic, geophysical,~~  
 13 ~~oceanographic, test range, or other scientific facilities.~~  
 14 ~~Maintenance or operation, for purposes of this section, shall~~  
 15 ~~include housekeeping functions in providing certain~~  
 16 ~~nonscientific logistic and support services." ]~~

17       SECTION 3. Statutory material to be repealed is bracketed  
 18 and stricken.

19       SECTION 4. This Act shall take effect on July 1, 2015.

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



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# H.B. NO. 66

**Report Title:**

General Excise Tax; Exemption; Scientific Contracts; GET;  
General Excise Tax Exemption for Certain Scientific Contracts  
With the United States

**Description:**

Repeals the general excise tax exemption for certain scientific  
contracts with the United States.

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