

# S .B. NO. 2927

JAN 27 2016

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## A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAX LICENSES.

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

1           SECTION 1. Section 237-9, Hawaii Revised Statutes, is  
2 amended by amending subsections (a) and (b) to read as follows:  
3           "(a) Except as provided in this section, any person who  
4 has a gross income or gross proceeds of sales or value of  
5 products upon which a privilege tax is imposed by this chapter,  
6 as a condition precedent to engaging or continuing in such  
7 business, shall in writing apply for and obtain from the  
8 department of taxation, upon [~~a one-time~~] an initial payment of  
9 the sum of \$20, a license to engage in and to conduct such  
10 business, upon condition that the person shall pay the taxes  
11 accruing to the State under this chapter, and the person shall  
12 thereby be duly licensed to engage in and conduct the business.  
13 The license provided for by this section shall be valid for a  
14 period of one year and renewable annually. The license shall  
15 not be transferable and shall be valid only for the person in  
16 whose name it is issued and for the transaction of business at  
17 the place designated therein. The license may be inspected and

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1 examined, and shall at all times be conspicuously displayed at  
2 the place for which it is issued.

3 (b) Licenses, license renewals, and applications therefor  
4 shall be in such form as the department shall prescribe, except  
5 that where the licensee is engaged in two or more forms of  
6 business of different classification, the license shall so state  
7 on its face. [~~The license provided for by this section shall be~~  
8 ~~effective until canceled in writing.~~] Any application for the  
9 reissuance of a previously canceled license identification  
10 number after December 31, 1989, shall be regarded as a new  
11 license application and subject to the payment of the [~~one-time~~]  
12 license fee of \$20. The department may charge a fee of no more  
13 than \$ \_\_\_\_\_ for license renewals and may require license renewals  
14 to be submitted in an electronic form. The director may revoke  
15 or cancel any license issued under this chapter for cause as  
16 provided by rules adopted pursuant to chapter 91."

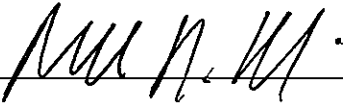
17 SECTION 2. Tax licenses existing when this Act becomes  
18 effective shall be renewed for the first time in 2018. The  
19 department shall prescribe the date or dates on which license  
20 renewal will be required.

21 SECTION 3. Statutory material to be repealed is bracketed  
22 and stricken. New statutory material is underscored.

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1 SECTION 4. This Act, upon its approval, shall take effect  
2 on January 1, 2016.

INTRODUCED BY:

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BY REQUEST

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**Report Title:**

Taxes; General Excise Tax Licensing

**Description:**

Requires that any license issued under section 237-9, Hawaii Revised Statutes, be renewed annually; permits the department to charge a fee for annual renewals; and permits the department to require annual renewals be applied for online.

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

JUSTIFICATION SHEET

DEPARTMENT: Taxation

TITLE: A BILL FOR AN ACT RELATING TO GENERAL EXCISE TAX LICENSES.

PURPOSE: Requires general excise tax licenses to be renewed annually, permits the Department to charge a fee for annual renewals, and permits the Department to mandate that renewals be done electronically.

MEANS: Amend section 237-9(a) and (b), Hawaii Revised Statutes.

JUSTIFICATION: The department finds that many taxpayers who go out of business fail to cancel their business licenses, which leads to the department's records being filled with defunct licenses. The department also finds that compliance with periodic and annual general excise tax return filing decreases as time from the initial business license application passes. The department believes a requirement to annually renew a license will lead to an increase in compliance with general excise tax return filing and payment requirements.

Impact on the public: Taxpayers engaging in business in the State will be required to submit applications for license renewal annually.

Impact on the department and other agencies: The department will benefit from more accurate records and increases in taxpayer compliance.

GENERAL FUND: None.

OTHER FUNDS: None.

OTHER AFFECTED  
AGENCIES:

None.

EFFECTIVE DATE:

Upon approval.