
A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAXES.

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

1 SECTION 1. Section 237-24.3, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§237-24.3 Additional amounts not taxable. In addition to
4 the amounts not taxable under section 237-24, this chapter shall
5 not apply to:

6 (1) Amounts received from the loading, transportation, and
7 unloading of agricultural commodities shipped for a
8 producer or produce dealer on one island of this State
9 to a person, firm, or organization on another island
10 of this State. The terms "agricultural commodity",
11 "producer", and "produce dealer" shall be defined in
12 the same manner as they are defined in section 147-1;
13 provided that agricultural commodities need not have
14 been produced in the State;

15 (2) Amounts received by the manager, submanager, or board
16 of directors of:



- 1 (A) An association of owners of a condominium
2 property regime established in accordance with
3 chapter 514A or 514B; or
- 4 (B) A nonprofit homeowners or community association
5 incorporated in accordance with chapter 414D or
6 any predecessor thereto and existing pursuant to
7 covenants running with the land,
8 in reimbursement of sums paid for common expenses;
- 9 (3) Amounts received or accrued from:
- 10 (A) The loading or unloading of cargo from ships,
11 barges, vessels, or aircraft, whether or not the
12 ships, barges, vessels, or aircraft travel
13 between the State and other states or countries
14 or between the islands of the State;
- 15 (B) Tugboat services including pilotage fees
16 performed within the State, and the towage of
17 ships, barges, or vessels in and out of state
18 harbors, or from one pier to another; and
- 19 (C) The transportation of pilots or governmental
20 officials to ships, barges, or vessels offshore;
21 rigging gear; checking freight and similar



1 services; standby charges; and use of moorings
2 and running mooring lines;
3 (4) Amounts received by an employee benefit plan by way of
4 contributions, dividends, interest, and other income;
5 and amounts received by a nonprofit organization or
6 office, as payments for costs and expenses incurred
7 for the administration of an employee benefit plan;
8 provided that this exemption shall not apply to any
9 gross rental income or gross rental proceeds received
10 after June 30, 1994, as income from investments in
11 real property in this State; and provided further that
12 gross rental income or gross rental proceeds from
13 investments in real property received by an employee
14 benefit plan after June 30, 1994, under written
15 contracts executed prior to July 1, 1994, shall not be
16 taxed until the contracts are renegotiated, renewed,
17 or extended, or until after December 31, 1998,
18 whichever is earlier. For the purposes of this
19 paragraph, "employee benefit plan" means any plan as
20 defined in section 1002(3) of title 29 of the United
21 States Code, as amended;



1 (5) Amounts received for purchases made with United States
2 Department of Agriculture food coupons under the
3 federal food stamp program, and amounts received for
4 purchases made with United States Department of
5 Agriculture food vouchers under the Special
6 Supplemental Foods Program for Women, Infants and
7 Children;

8 (6) Amounts received by a hospital, infirmary, medical
9 clinic, health care facility, pharmacy, or a
10 practitioner licensed to administer the drug to an
11 individual for selling prescription drugs or
12 prosthetic devices to an individual; provided that
13 this paragraph shall not apply to any amounts received
14 for services provided in selling prescription drugs or
15 prosthetic devices. As used in this paragraph:

16 "Prescription drugs" are those drugs defined
17 under section 328-1 and dispensed by filling or
18 refilling a written or oral prescription by a
19 practitioner licensed under law to administer the drug
20 and sold by a licensed pharmacist under section 328-16
21 or practitioners licensed to administer drugs;



1 provided that "prescription drugs" shall not include
2 marijuana or manufactured marijuana products
3 authorized pursuant to chapters 329 and 329D[; and]

4 "Prosthetic device" means any artificial device
5 or appliance, instrument, apparatus, or contrivance,
6 including their components, parts, accessories, and
7 replacements thereof, used to replace a missing or
8 surgically removed part of the human body, which is
9 prescribed by a licensed practitioner of medicine,
10 osteopathy, or podiatry and that is sold by the
11 practitioner or that is dispensed and sold by a dealer
12 of prosthetic devices; provided that "prosthetic
13 device" shall not mean any auditory, ophthalmic,
14 dental, or ocular device or appliance, instrument,
15 apparatus, or contrivance;

16 (7) Taxes on transient accommodations imposed by chapter
17 237D and passed on and collected by operators holding
18 certificates of registration under that chapter;

19 (8) Amounts received as dues by an unincorporated
20 merchants association from its membership for
21 advertising media, promotional, and advertising costs



1 for the promotion of the association for the benefit
2 of its members as a whole and not for the benefit of
3 an individual member or group of members less than the
4 entire membership;

5 (9) Amounts received by a labor organization for real
6 property leased to:

7 (A) A labor organization; or

8 (B) A trust fund established by a labor organization
9 for the benefit of its members, families, and
10 dependents for medical or hospital care, pensions
11 on retirement or death of employees,
12 apprenticeship and training, and other membership
13 service programs.

14 As used in this paragraph, "labor organization" means
15 a labor organization exempt from federal income tax
16 under section 501(c)(5) of the Internal Revenue Code,
17 as amended;

18 (10) Amounts received from foreign diplomats and consular
19 officials who are holding cards issued or authorized
20 by the United States Department of State granting them
21 an exemption from state taxes; [and]



1 (11) Amounts received as rent for the rental or leasing of
2 aircraft or aircraft engines used by the lessees or
3 renters for interstate air transportation of
4 passengers and goods. For purposes of this paragraph,
5 payments made pursuant to a lease shall be considered
6 rent regardless of whether the lease is an operating
7 lease or a financing lease. The definition of
8 "interstate air transportation" is the same as in 49
9 U.S.C. section 40102 [-]; and

10 (12) Amounts received from the sale of food or an over-the
11 counter drug. As used in this paragraph:

12 (A) "Food" means an edible or potable substance of
13 usually of animal or plant origin that consists
14 of nourishing and nutritive components such as
15 carbohydrates, fats, proteins, essential mineral
16 and vitamins, which, when ingested and
17 assimilated through digestion, sustains life,
18 generates energy, and provides growth,
19 maintenance, and health of the human body;
20 provided that the term shall not include
21 alcoholic beverages; and



1 (B) "Over-the-counter drug" means a drug that
2 contains a label that identifies the product as a
3 drug pursuant to the requirements of 21 C.F.R.
4 section 201.66, as amended or renumbered on
5 January 1, 2003. The label shall include:
6 (i) A "drug facts" panel; or
7 (ii) A statement of the "active ingredients",
8 accompanied by a list of those ingredients
9 that are contained in the compound,
10 substance, or preparation."

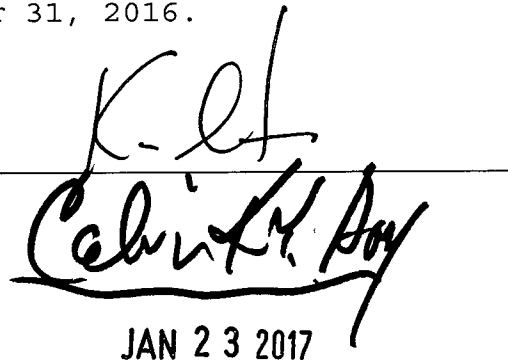
11 SECTION 2. This Act does not affect rights and duties that
12 matured, penalties that were incurred, and proceedings that were
13 begun before its effective date.

14 SECTION 3. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 4. This Act, upon its approval, shall apply to
17 taxable years beginning after December 31, 2016.

18

INTRODUCED BY:



 JAN 23 2017



H.B. NO. 883

Report Title:

GET; Exemptions; Food; Over-the-counter drugs

Description:

Exempts amounts received from sales of food and over-the-counter drugs from the general excise tax.

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

