
A BILL FOR AN ACT

RELATING TO AUDITORY DEVICES.

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

1 SECTION 1. The legislature finds that, according to an
2 article in the Journal of the American Medical Association, poor
3 hearing is an unmistakable health hazard, which threatens mind,
4 life, and limb. Approximately eighty-five per cent of those
5 with hearing loss are untreated. For older adults alone,
6 untreated hearing loss increases health care costs by forty-six
7 per cent over a period of ten years, compared with costs
8 incurred by those without hearing loss.

9 The legislature also finds that hearing aids are expensive.
10 The cost of hearing aids is not covered by medicare and not all
11 insurance policies provide hearing aid benefits. Purchasing
12 hearing aids may be a financial hardship for families that have
13 a deaf or hard-of-hearing child who requires the frequent
14 replacement of a hearing aid as they grow older.

15 The purpose of this Act is to provide relief for
16 individuals with disabilities and kupuna with limited incomes by
17 exempting auditory devices, such as hearing aids, from Hawaii's



1 general excise tax; amending the definition of "prosthetic
2 device" to include hearing aids and devices worn on the body;
3 and exempting gross receipts from the repair of prosthetic
4 devices from the general excise tax.

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

7 "§237-24.3 Additional amounts not taxable. In addition to
8 the amounts not taxable under section 237-24, this chapter shall
9 not apply to:

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

19 (2) Amounts received by the manager, submanager, or board
20 of directors of:



- 1 (A) An association of a condominium property regime
2 established in accordance with chapter 514B or
3 any predecessor thereto; 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 title 29 United States Code section
21 1002(3), 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[+], including
13 amounts received for the repair of and replacement
14 parts for prosthetic devices; provided that this
15 paragraph shall not apply to any amounts received for
16 services provided in selling prescription drugs or
17 prosthetic devices. As used in this paragraph:

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



1 and sold by a licensed pharmacist under section 328-16
2 or practitioners licensed to administer drugs;
3 provided that "prescription drugs" shall not include
4 cannabis or manufactured cannabis products authorized
5 pursuant to chapters 329 and 329D; and

6 "Prosthetic device" means any artificial device
7 or appliance, instrument, apparatus, or contrivance,
8 including their components, parts, accessories, and
9 replacements thereof, [~~used~~] worn on or in the human
10 body to [~~replace a missing or surgically removed part~~
11 of the human body,] artificially replace a missing
12 portion of the body or prevent or correct a physical
13 deformity or malfunction, which is prescribed by a
14 licensed practitioner of medicine, osteopathy, or
15 podiatry and that is sold by the practitioner or that
16 is dispensed and sold by a dealer of prosthetic
17 devices; provided that "prosthetic device" shall not
18 mean any [~~auditory,~~] ophthalmic, dental, or ocular
19 device or appliance, instrument, apparatus, or
20 contrivance; provided further that prosthetic devices
21 shall include hearing aids;



- 1 (7) Taxes on transient accommodations imposed by chapter
2 237D and passed on and collected by operators holding
3 certificates of registration under that chapter;
- 4 (8) Amounts received as dues by an unincorporated
5 merchants association from its membership for
6 advertising media, promotional, and advertising costs
7 for the promotion of the association for the benefit
8 of its members as a whole and not for the benefit of
9 an individual member or group of members less than the
10 entire membership;
- 11 (9) Amounts received by a labor organization for real
12 property leased to:
- 13 (A) A labor organization; or
- 14 (B) A trust fund established by a labor organization
15 for the benefit of its members, families, and
16 dependents for medical or hospital care, pensions
17 on retirement or death of employees,
18 apprenticeship and training, and other membership
19 service programs.
- 20 As used in this paragraph, "labor organization" means
21 a labor organization exempt from federal income tax



1 under section 501(c)(5) of the Internal Revenue Code,
2 as amended;

3 (10) Amounts received from foreign diplomats and consular
4 officials who are holding cards issued or authorized
5 by the United States Department of State granting them
6 an exemption from state taxes; and

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

16 SECTION 3. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

General Excise Tax; Auditory Devices; Hearing Aids; Exemption

Description:

Exempts gross receipts from the sale of auditory devices, such as hearing aids, from the general excise tax. Amends the definition of "prosthetic device" to include hearing aids and devices worn on the body. Exempts gross receipts from the repair of prosthetic devices from the general excise tax. Effective 7/1/2050. (HD1)

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