

JAN 15 2025

A BILL FOR AN ACT

RELATING TO THE GENERAL EXCISE TAX.

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

1 SECTION 1. The legislature finds that Act 47, Session Laws
2 of Hawaii 2024 (Act 47), scheduled to take effect on January 1,
3 2026, exempts from general excise tax, amounts received by
4 licensed physicians, osteopathic physicians, dentists, advanced
5 practice registered nurses, and pharmacists for healthcare-
6 related goods or services under the medicare, medicaid, and
7 TRICARE programs to encourage cost-effective patient outcomes.

8 The purpose of this Act is to expand this general excise
9 tax exemption to licensed optometrists, audiologists, and
10 chiropractors to further encourage cost-effective patient
11 outcomes.

12 SECTION 2. Act 47, Session Laws of Hawaii 2024, is amended
13 by amending section 2 to read as follows:

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



1 "**§237-24.3 Additional amounts not taxable.** In addition to
2 the amounts not taxable under section 237-24, this chapter shall
3 not apply to:

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

13 (2) Amounts received by the manager, submanager, or board
14 of directors of:

15 (A) An association of a condominium property regime
16 established in accordance with chapter 514B or
17 any predecessor thereto; or

18 (B) A nonprofit homeowners or community association
19 incorporated in accordance with chapter 414D or
20 any predecessor thereto and existing pursuant to
21 covenants running with the land,



- 1 in reimbursement of sums paid for common expenses;
- 2 (3) Amounts received or accrued from:
- 3 (A) The loading or unloading of cargo from ships,
- 4 barges, vessels, or aircraft, including
- 5 stevedoring services as defined in section 382-1,
- 6 whether or not the ships, barges, vessels, or
- 7 aircraft travel between the State and other
- 8 states or countries or between the islands of the
- 9 State;
- 10 (B) Tugboat services including pilotage fees
- 11 performed within the State, and the towage of
- 12 ships, barges, or vessels in and out of state
- 13 harbors, or from one pier to another;
- 14 (C) The transportation of pilots or governmental
- 15 officials to ships, barges, or vessels offshore;
- 16 rigging gear; checking freight and similar
- 17 services; standby charges; and use of moorings
- 18 and running mooring lines; and
- 19 (D) Wharfage and demurrage imposed under chapter 266
- 20 that is paid to the department of transportation;



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

20 (5) Amounts received for purchases made with United States
21 Department of Agriculture food coupons under the



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

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

14 "Prescription drugs" are those drugs defined
15 under section 328-1 and dispensed by filling or
16 refilling a written or oral prescription by a
17 practitioner licensed under law to administer the drug
18 and sold by a licensed pharmacist under section 328-16
19 or practitioners licensed to administer drugs;
20 provided that "prescription drugs" shall not include



1 cannabis or manufactured cannabis products authorized
2 pursuant to chapters 329 and 329D; and

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

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

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



S.B. NO. 389

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

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

6 (A) A labor organization; or

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

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

17 (10) Amounts received from foreign diplomats and consular
18 officials who are holding cards issued or authorized
19 by the United States Department of State granting them
20 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
9 title 49 [U.S.C.] United States Code section 40102[-];
10 and
- 11 (12) Amounts received by a hospital, infirmary, medical
12 clinic, health care facility, or pharmacy, or a
13 medical or dental practitioner, for healthcare-related
14 goods or services purchased under the medicare,
15 medicaid, or TRICARE programs. For the purposes of
16 this paragraph, the healthcare-related services need
17 not be performed by a medical or dental practitioner
18 but may be performed by a physician's assistant,
19 nurse, or other employee under the medical or dental
20 practitioner's direction. As used in this paragraph:



1 "Medicaid" means the program established under
2 Title XIX of the Social Security Act of 1935, as
3 amended;

4 "Medical or dental practitioner" means a
5 physician or osteopathic physician licensed pursuant
6 to chapter 453; a dentist licensed under chapter 448;
7 an advanced practice registered nurse licensed
8 pursuant to chapter 457; a pharmacist licensed
9 pursuant to chapter 461; an optometrist licensed
10 pursuant to chapter 459; an audiologist licensed
11 pursuant to chapter 468E; or a chiropractor licensed
12 pursuant to chapter 442.

13 "Medicare" means the program established under
14 Title XVIII of the Social Security Act of 1935, as
15 amended; and

16 "TRICARE" means the program of the Department of
17 Defense military health system managed by the Defense
18 Health Agency, or any successor program."

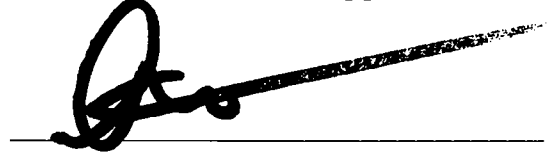
19 SECTION 3. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: _____

A handwritten signature in black ink is written over a horizontal line. The signature is stylized and appears to be a name with a long, sweeping underline.

S.B. NO. 389

Report Title:

General Excise Tax; Exemption; Medicaid; Medicare; TRICARE;
Optometrists; Audiologists; Chiropractors; Act 47 (2024)

Description:

Expands the general excise tax exemption established by Act 47, Session Laws of Hawaii 2024, to include amounts received by optometrists, audiologists, and chiropractors, for healthcare-related goods or services purchased under the Medicare, Medicaid, and TRICARE programs.

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

