

ACT 4

An Act Relating to Taxation, Amending Chapters 121, 117, 118 and 129, Revised Laws of Hawaii 1955, as Amended.

Be it Enacted by the Legislature of the State of Hawaii:

SECTION 1. Subsection (a), Section 121-11, Revised Laws of Hawaii, 1955, as amended, is hereby further amended, by changing "\$400" to "\$600".

SECTION 2. The part of paragraph 1, subsection (a), Section 117-14, Revised Laws of Hawaii 1955, as amended, setting forth the tax rates, is hereby further amended to read as follows:

"Millers or processors of sugar, raw or refined, two per cent; pineapple canneries (including canning of pineapple juice), two per cent; all other manufacturers, one-half of one per cent."

SECTION 3. Paragraph 4, subsection (a), Section 117-14, Revised Laws of Hawaii 1955, as amended, which permits certain special computations to be used by taxpayers subject to the maximum rate on manufacturers, is hereby further amended to conform to Section 2 of this Act by deleting the words "two and one-half per cent" and substituting the words "two per cent" therefor.

SECTION 4. Paragraph 1 of subsection (b), Section 117-14, Revised Laws of Hawaii 1955, as amended is hereby further amended to read as follows:

"Upon every person engaging or continuing in the business of selling any tangible personal property whatsoever (not including, however, bonds or other evidence of indebtedness, or stocks), there is likewise hereby levied, and shall be assessed and collected, a tax equivalent to three and one-half per cent of the gross proceeds of sales of the business; provided, that insofar as certain retailing is taxed by section 117-14.6, the tax shall be that levied by section 117-14.6, and in the case of a wholesaler, the tax shall be equal to one-half of one per cent of

the gross proceeds of sales of the business. Upon every person engaging or continuing within this State in the business of a producer, the tax shall be equal to one-half of one per cent of the gross proceeds of sales of the business, or the value of the products, for sale, if sold for delivery outside the State or shipped or transported out of the State."

SECTION 5. The first sentence of Section 117-15, Revised Laws of Hawaii 1955, as amended, is hereby further amended to read as follows:

"Anything in Section 117-14 to the contrary notwithstanding, the privilege tax levied, assessed and collected on account of the business or other activities of individuals who have vision in the better eye, with corrective glasses, of less than twenty two-hundredths or a disqualifying field defect sufficient to incapacitate them from self-support, shall not exceed one-half of one per cent of the proceeds, sales, income or other receipts subject to tax."

SECTION 6. Subparagraphs (c) and (d) of Section 117-16, Revised Laws of Hawaii 1955, as amended, is hereby amended to read as follows:

"(c) Where a tire recapper, photo-printer, auto paint shop or the like, renders services upon the order of or at the request of another taxpayer who, by reason of constituting an intermediary between the person rendering such services and the ultimate recipient of the benefits of such services, is required to include the rendering of the same services in the measure of the tax levied on him under subsection (f) of Section 117-14, or levied on him as a retailer of services under Section 117-14.6, so much gross income as is derived from the rendering of such services shall be subjected to a tax on the person rendering such services at the rate of one-half of one per cent and shall be subjected to a tax on the aforesaid intermediary at the rate of three and one-half per cent."

"(d) Where through the activity of a person taxable under subsection (f) of Section 117-14, a product has been milled, processed, or otherwise manufactured upon the order of another taxpayer who is a manufacturer taxable upon the value of the entire manufactured product, which consists in part of the value of the services taxable under subsection (f) of Section 117-14, so much gross income as is derived from the rendering of such services shall be subjected to tax on the person rendering such services at the rate of one-half of one per cent, and the value of the entire product shall be included in the measure of the tax imposed on such other taxpayer as elsewhere provided."

SECTION 7. Subparagraph (b), Section 118-2, Revised Laws of Hawaii 1955, as amended, is hereby further amended to read as follows:

"If the purchaser is licensed under Chapter 117 and is (1) a retailer or other person purchasing for purposes of resale, not exempted by paragraph (a), or (2) a manufacturer purchasing material or commodities which are to be incorporated by such manufacturer into a finished or saleable product (including the container or package in which the product is contained) wherein it will remain in such form as to be perceptible to the senses, and which finished or saleable product is to be sold at retail in the State, in such manner as to result in a further tax on the activity of the manufacturer in selling such products at retail, or (3) a contractor purchasing material or commodities which are to be incorporated by such contractor into the finished work or project required by the contract and which will remain in such finished

ACT 4

work or project in such form as to be perceptible to the senses, the tax shall be one-half of one per cent of the purchase price of such property.”

SECTION 8. Section 129-9, Revised Laws of Hawaii 1955, as amended is hereby further amended by deleting from the third paragraph the words “two and one-half per cent or more” and inserting in lieu thereof the words “two per cent or more”.

SECTION 9. This Act shall take effect on January 1, 1961, and shall affect taxes incurred on or after that date.

(Approved April 21, 1960.) **S.B. 24.**
