

**ACT 28**

A Bill for an Act Relating to Taxation.

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

**SECTION 1.** This Act is hereby declared to be an urgency measure deemed necessary in the public interest within the meaning of section 11 of Article III of the Constitution of the State of Hawaii.

The following is a statement of the facts constituting such urgency:

During the 1965 general session, the legislature made extensive changes to the tax laws of Hawaii. It is apparent at this time that additional changes in the tax laws may be necessary. It is urgent and in the public interest that adjustments and changes in the tax laws be made at the earliest possible opportunity thereby alleviating immediately any possible inconvenience to the public.

**SECTION 2.** Subsection 117-5(d), Revised Laws of Hawaii 1955, as amended, is hereby amended to read as follows:

“(d) sales to a licensed producer, or to a cooperative association described in section 117-20(j) for sale to such producer, or to a licensed person operating a feed lot, of poultry or animal feed, hatching eggs, semen, replacement stock, breeding services, for the purpose of raising or producing animal or poultry products for disposition as described in section 117-6 or to be incorporated in a manufactured product as described in clause (b) of this section or for the purpose of breeding, hatching, milking, or egg laying other than for the customer’s own consumption of the meat, poultry, eggs, or milk so produced; provided that in the case of a feed lot operator, only the segregated cost of the feed furnished by him as part of his service to a licensed producer of poultry or animals to be butchered or to a cooperative association described in section 117-20(j) of such licensed producers shall be deemed to be a sale at wholesale; and provided further that any amount derived from the furnishing of feed lot services, other than the segregated cost of feed, shall be deemed taxable at the service business rate. This clause (d) shall not apply to the sale of feed for poultry or animals to be used for hauling, transportation or sports purposes.”

**SECTION 3.** Subsection 117-14(a)(1) of the Revised Laws of Hawaii 1955, as amended, is hereby amended to read as follows:

“(1) Upon every person engaging or continuing within the State in the business of manufacturing, compounding, canning, preserving, packing, milling, processing, refining or preparing for sale, profit or commercial use, either directly or through the activity of others, in whole or in part, any article or articles, substance or substances, commodity or commodities, the amount of such tax to be equal to the

value of the articles, substances or commodities, manufactured, compounded, canned, preserved, packed, milled, processed, refined or prepared, for sale, as shown by the gross proceeds derived from the sale thereof by the manufacturer or person compounding or preparing them, multiplied by one-half of one per cent."

SECTION 4. Section 117-21, Revised Laws of Hawaii 1955, as amended is hereby amended by adding thereto the following new subsections to be appropriately designated and to read as follows:

"( ) Amounts received from the loading, transportation and unloading of agricultural commodities shipped for a producer or produce dealer on one island of this State to a person, firm or organization on another island of the State. The terms 'agricultural commodity', 'producer' and 'produce dealer' shall be defined in the same manner as they are defined in section 22-1, Revised Laws of Hawaii 1955, as amended.

( ) Amounts received from sales of (1) intoxicating liquor as defined in chapter 124, (2) tobacco products as defined in chapter 125, and (3) agricultural, meat or fish products grown, raised, or caught in Hawaii, when such sales are made to any person or common carrier in interstate or foreign commerce, or both, whether ocean-going or air, for consumption out-of-state by such person, crew or passengers on such shipper's vessels or airplanes."

SECTION 5. Section 119-3, Revised Laws of Hawaii 1955, as amended, is hereby amended by adding thereto the following new subsection to be numbered as subsection (f) and to read as follows:

"(f) The tax imposed by this chapter shall not apply to any intoxicating liquor as defined in chapter 124 and tobacco products as defined in chapter 125, imported into the State and sold to any person or common carrier in interstate commerce, whether ocean-going or air, for consumption out-of-state by such person, crew or passengers on such shipper's vessels or airplanes."

SECTION 6. Subsection 119-4(a), Revised Laws of Hawaii 1955, as amended, is hereby amended to read as follows:

"(a) If a licensed producer, or a cooperative association acting under the authority of chapter 176 in order to sell to such producer, or a licensed person operating a feed lot, imports into the State or acquires in the State, poultry or animal feed, hatching eggs, semen, or replacement stock, in such manner and for such purposes that if the poultry or animal feed, hatching eggs, semen, or replacement stock so imported or acquired had been purchased in the State, clause (d) of section 117-5 would apply, or"

SECTION 7. Section 117-15, Revised Laws of Hawaii 1955, as amended, is hereby amended by amending the first sentence thereof 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 are blind or corporations all of whose outstanding shares are owned by individuals who are blind

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shall not exceed one-half of one per cent of the proceeds, sales, income or other receipts subject to tax. For the purpose of this section 'blind' is defined as in section 121-1."

**SECTION 8.** This Act shall take effect on January 1, 1967.  
(Approved April 6, 1966.) **S.B. 354.**