
A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAX.

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

1 SECTION 1. Section 237-23, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) This chapter shall not apply to the following
4 persons:

- 5 (1) Public service companies (as that term is defined in
6 section 239-2), with respect to the gross income,
7 either actual gross income or gross income estimated
8 and adjusted, which is included in the measure of the
9 tax imposed by chapter 239;
- 10 (2) Public utilities owned and operated by the State or
11 any county or other political subdivision thereof;
- 12 (3) Fraternal benefit societies, orders, or associations,
13 operating under the lodge system, or for the exclusive
14 benefit of the members of the fraternity itself,
15 operating under the lodge system, and providing for
16 the payment of death, sick, accident, prepaid legal
17 services, or other benefits to the members of such



1 societies, orders, or associations, and to their
2 dependents;

3 (4) Corporations, associations, trusts, or societies
4 organized and operated exclusively for religious,
5 charitable, scientific, or educational purposes, as
6 well as that of operating senior citizens housing
7 facilities qualifying for a loan under the laws of the
8 United States as authorized by section 202 of the
9 Housing Act of 1959, as amended, as well as that of
10 operating a prepaid legal services plan, as well as
11 that of operating or managing a homeless facility, or
12 any other program for the homeless authorized under
13 chapter [~~201G, part IV;~~] 356D, part VII;

14 (5) Business leagues, chambers of commerce, boards of
15 trade, civic leagues, agricultural and horticultural
16 organizations, and organizations operated exclusively
17 for the benefit of the community and for the promotion
18 of social welfare which shall include the operation of
19 a prepaid legal service plan, and from which no profit
20 inures to the benefit of any private stockholder or
21 individual;

22 (6) Hospitals, infirmaries, and sanitararia;



1 (7) Cooperative associations incorporated under chapter
2 421 or Code section 521 cooperatives which fully meet
3 the requirements of section 421-23, except Code
4 section 521 cooperatives need not be organized in
5 Hawaii; provided that:

6 (A) The exemption shall apply only to the gross
7 income derived from activities which are pursuant
8 to purposes and powers authorized by chapter 421,
9 except those provisions pertaining to or
10 requiring corporate organization in Hawaii do not
11 apply to Code section 521 cooperatives;

12 (B) The exemption shall not relieve any person who
13 receives any proceeds of sale from the
14 association of the duty of returning and paying
15 the tax on the total gross proceeds of the sales
16 on account of which the payment was made, in the
17 same amount and at the same rate as would apply
18 thereto had the sales been made directly by the
19 person, and all such persons shall be so taxable;
20 and

21 (C) As used in this paragraph, "section 521
22 cooperatives" mean associations which qualify as



- 1 a cooperative under section 521 (with respect to
2 exemption of farmers' cooperatives from tax) of
3 the Internal Revenue Code of 1986, as amended;
- 4 (8) Persons affected with Hansen's disease and kokuas,
5 with respect to business within the county of Kalawao;
- 6 (9) Corporations, companies, associations, or trusts
7 organized for the establishment and conduct of
8 cemeteries no part of the net earnings of which inures
9 to the financial benefit of any private stockholder or
10 individual (provided that the exemption shall apply
11 only to the activities of such persons in the conduct
12 of cemeteries and not to any activity the primary
13 purpose of which is to produce income, even though the
14 income is to be used for or in the furtherance of the
15 exempt activities of such persons); [~~and~~]
- 16 (10) Nonprofit shippers associations operating under part
17 296 of the Civil Aeronautics Board Economic
18 Regulations[~~-~~];
- 19 (11) Adult residential care home types I and II operators
20 licensed under section 321-15.6, with respect to the
21 income received from the State for services provided
22 as an adult residential care home operator;



1 (12) Group child care home or group child care center
2 operators licensed under section 346-163, with respect
3 to the income received from the State for services
4 provided as a group child care home or group child
5 care center operator;

6 (13) Developmental disabilities domiciliary home operators
7 licensed under section 321-15.9, with respect to the
8 income received from the State for services provided
9 as a developmental disabilities domiciliary home
10 operator;

11 (14) Community care foster family home operators certified
12 under section 346-334, with respect to the income
13 received from the State for services provided as a
14 community care foster family home operator; and

15 (15) Adult foster home operators certified under section
16 321-11.2, with respect to the income received from the
17 State for services provided as an adult foster home
18 operator."

19 SECTION 2. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 3. This Act shall take effect on July 1, 2007 and
2 shall apply to taxable years beginning after December 31, 2006.
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Report Title:

GET Exemption; Care Homes

Description:

Provides a general excise tax exemption for income received from the State as a an operator of adult residential care homes types I & II; group child care home; group child care center; developmental disabilities domiciliary home; community care foster family home; & adult foster home.

