H.B. NO. 183

1

A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAXATION.

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

1	SECTION 1. Chapter 237, Hawaii Revised Statutes, is		
2	amended by adding a new section to be appropriately designated		
3	and to read as follows:		
4	" <u>§237-</u> Exemption; small business manufacturing. (a)		
5	This chapter shall not apply to any qualified small business		
6	engaged in the business of manufacturing. The gross proceeds of		
7	sales of any product manufactured by any qualified small		
8	business shall be exempt from the tax imposed by this chapter		
9	for a maximum period of five years.		
10	(b) For the purposes of this section:		
11	"Manufacturing" means the producing, preparation,		
12	propagation, or processing of a product either directly or		
13	indirectly from substances of natural origin and does not		
14	include packaging and labeling, or repackaging or relabeling of		
15	the product unless packaging or labeling is completed by the		
16	original manufacturers of the product.		
17	"Qualified small business" means a small business that:		



H.B. NO. 183

1	<u>(1)</u>	Employs at least three employees who earn salaries or
2		wages that fall within middle income levels as defined
3		by the department of business, economic development,
4		and tourism;
5	(2)	Meets the criteria established by the department of
6		business, economic development, and tourism in rules
7		adopted under chapter 91 defining small business; and
8	(3)	Has been issued a certificate of tax clearance from
9		the department of taxation verifying that the small
10		business has filed all required returns and paid all
11		required taxes, penalties, and interest for the
12		taxable year the exemption is claimed.
13	(c)	The director of taxation shall adopt rules in
14	accordanc	e with chapter 91 to implement this section."
15	SECT	ION 2. New statutory material is underscored.
16	SECT	ION 3. This Act shall take effect on January 1, 2012.
17		1/2 1 Carl
		INTRODUCED BY:
		Curly Erman
		Barban Manuet

Maninisto. anyanz

JAN 2 0 2011



H.B. NO. 183

3

Report Title: General Excise Tax Exemption; Small Business Manufacturing

Description: Exempts for maximum of 5 years from the general excise tax the gross proceeds of any qualified small business manufacturer.

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

