
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Hawaii depends heavily on air service for
2 transportation, medical supplies and other medical needs, and
3 commercial goods. As an island state, residents depend on air
4 service for the transport of passengers, goods, and services
5 among islands. Inter-island travel is a key component of
6 Hawaii's tourism industry and stimulates tourism, the largest
7 single contributor to the State's gross domestic product.

8 According to the Hawaii tourism authority, visitors to the
9 State spend in excess of \$1,200,000,000 per month. The
10 legislature finds that there is an increase in the use of
11 helicopters, as well as single engine and propeller aircraft, in
12 the State for travel, recreational, and medical needs. However,
13 despite the significant function of helicopters and other types
14 of aircraft to air travel in the State, only aircraft that
15 operate with two or more jet engines are afforded certain tax
16 exemptions. Due to changes in the aviation industry and
17 increased travel options, taxes levied on aviation businesses



1 must be updated to promote greater inter-island travel options
2 for visitors and residents, as well as to meet the interests of
3 the State.

4 The purpose of this Act is to create equity among the types
5 of aircraft in the State eligible for the aircraft service and
6 maintenance facility general excise tax exemption in section
7 237-24.9, Hawaii Revised Statutes.

8 SECTION 2. Section 237-24.9, Hawaii Revised Statutes, is
9 amended by amending subsection (b) to read as follows:

10 "(b) As used in this section:

11 "Aircraft" means any craft or artificial contrivance of
12 whatever description engaged in intrastate, interstate, or
13 international scheduled commercial use as defined in chapter
14 263 [~~that operates with two or more jet engines~~].

15 "Aircraft service and maintenance" means all scheduled and
16 unscheduled tasks performed within an aircraft service and
17 maintenance facility for the inspection, modification,
18 maintenance, and repair of aircraft and related components
19 including engines, hydraulic and electrical systems, and all
20 other components which are an integral part of an aircraft.



1 "Aircraft service and maintenance facility" means a
2 facility for aircraft service and maintenance that is not less
3 than thirty thousand square feet in area, and which may include
4 ancillary space which is integral to the facility, such as parts
5 and inventory warehouse space, tool rooms, and related
6 administrative and employee space.

7 "Construction of an aircraft service and maintenance
8 facility" means all design, engineering, labor, and material
9 costs associated with the construction of facilities the
10 [†]principal[†] purpose of which is the provision of facilities
11 for aircraft service and maintenance.

12 "Maintenance" means the upkeep of aircraft engines,
13 hydraulic and electrical systems, and all other components which
14 are an integral part of an aircraft, but does not include
15 refueling, janitorial services or cleaning, restocking of
16 aircraft and passenger supplies, or loading or unloading of
17 cargo and passenger baggage."

18 SECTION 3. Statutory material to be repealed is bracketed
19 and stricken.

20 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

General Excise Tax; Aircraft Service and Maintenance Facility;
Exemption

Description:

Amends the definition of "aircraft" under section 237-24.9, Hawaii Revised Statutes, to remove language that limits the definition to craft that operate with 2 or more jet engine, thereby expanding the types of aircraft eligible for the aircraft service and maintenance facility general excise tax exemption. Effective 7/1/2050. (SD2)

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