

JAN 20 2017

A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Section 237-2, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§237-2 "Business", "engaging" in business, defined.**

4 "Business" as used in this chapter, includes all activities
5 (personal, professional, or corporate), engaged in or caused to
6 be engaged in with the object of gain or economic benefit either
7 direct or indirect, [~~but does not include casual sales.~~] without
8 regard to having physical presence, including the presence of a
9 representative acting on behalf of the person in the State,
10 except that business does not include:

- 11 (1) Casual sales;
12 (2) Having a worldwide web site as a third-party content
13 provider on a computer physically located in Hawaii
14 but owned by another non-affiliated person;
15 (3) Using a non-affiliated third-party call center to
16 accept and process telephone or electronic orders of
17 tangible personal property or licenses primarily from



non-Hawaii buyers, which orders are forwarded to a location outside Hawaii for filing, or to provide services primarily to non-Hawaii customers; and

(4) The activities of a person without physical presence in the State if the person and the person's affiliates have less than \$100,000 of gross receipts in the State, based on receipts during the prior calendar year. As used in this paragraph, "affiliate" means a business entity that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with another business entity.

The term "engaging" as used in this chapter with reference to engaging or continuing in business also includes the exercise of corporate or franchise powers."

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 Statutory material to be repealed is bracketed and stricken.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

SECTION 3. This Act shall take effect upon its approval.

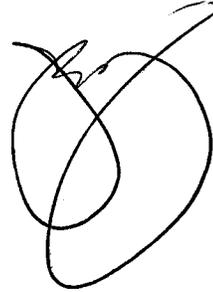
INTRODUCED BY:

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S.B. NO. **622**

JOHN SCHEIDT

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S.B. NO. 622

Report Title:

Taxation; General Excise Tax; Definitions; Business; Engaging in Business

Description:

Alters the definition of "business" or "engaging" in business under the general excise tax laws to exclude casual sales and businesses that have a worldwide web site as a third-party content provider on a computer physically located in the State but owned by a non-affiliated person; use non-affiliated third-party call centers that accept and process telephone or electronic orders of tangible personal property or licenses primarily from non-Hawaii buyers, which orders are forwarded to a location outside of Hawaii for filing, or to provide services primarily to non-Hawaii customers; and activities of a person without physical presence in the State if the person and the person's affiliates have less than \$100,000 of gross receipts in the State based on receipts from the prior calendar year.

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

