

JAN 27 2021

A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAX LICENSES.

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

1 SECTION 1. Section 237-9, Hawaii Revised Statutes, is
2 amended by amending subsections (a) and (b) to read as follows:

3 "(a) Except as provided in this section, any person who
4 has a gross income or gross proceeds of sales or value of
5 products upon which a privilege tax is imposed by this chapter,
6 as a condition precedent to engaging or continuing in such
7 business, shall in writing apply for and obtain from the
8 department of taxation, upon [~~a one-time~~] an initial payment of
9 the sum of \$20, a license to engage in and to conduct such
10 business, upon condition that the person shall pay the taxes
11 accruing to the State under this chapter, and the person shall
12 thereby be duly licensed to engage in and conduct the business.
13 The license provided for by this section shall be valid for a
14 period of two years and renewable biennially. The license shall
15 not be transferable and shall be valid only for the person in
16 whose name it is issued and for the transaction of business at
17 the place designated therein. The license may be inspected and

1 examined, and shall at all times be conspicuously displayed at
2 the place for which it is issued.

3 (b) Licenses, license renewals, and applications therefor
4 shall be in such form as the department shall prescribe, except
5 that where the licensee is engaged in two or more forms of
6 business of different classification, the license shall so state
7 on its face. [~~The license provided for by this section shall be~~
8 ~~effective until canceled in writing.~~] Any application for the
9 reissuance of a previously canceled license identification
10 number after December 31, 1989, shall be regarded as a new
11 license application and subject to the payment of the [~~one-time~~]
12 license fee of \$20. The department may charge a fee of no more
13 than \$20 for license renewals and may require license renewals
14 to be submitted in an electronic form. The director may revoke
15 or cancel any license issued under this chapter for cause as
16 provided by rules adopted pursuant to chapter 91."

17 SECTION 2. Tax licenses existing when this Act becomes
18 effective shall be renewed for the first time in 2022; provided
19 that the department shall not charge a fee for the renewal
20 required by this Section. The department shall prescribe the
21 date or dates on which license renewal will be required.

22 SECTION 3. Statutory material to be repealed is bracketed
23 and stricken. New statutory material is underscored.

S.B. NO. 1201

1 SECTION 4. This Act, upon its approval, shall take effect
2 on January 1, 2022.

INTRODUCED BY: *Ann. H.*

BY REQUEST

S.B. NO. 1201

Report Title:

Taxes; General Excise Tax Licenses

Description:

Requires that any license issued under section 237-9, Hawaii Revised Statutes, be renewed biennially; permits the department to charge a fee for biennial renewals; and permits the department to require biennial renewals be applied for electronically.

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JUSTIFICATION SHEET

DEPARTMENT: Taxation

TITLE: A BILL FOR AN ACT RELATING TO GENERAL EXCISE TAX LICENSES.

PURPOSE: Require general excise tax licenses to be renewed biennially, permits the Department to charge a fee for biennial renewals, and permits the Department to mandate that renewals be done electronically.

MEANS: Amend section 237-9(a) and (b), Hawaii Revised Statutes.

JUSTIFICATION: The Department finds that many taxpayers who go out of business fail to cancel their business licenses, which leads to the Department's records being filled with defunct licenses. The Department also finds that compliance with periodic and annual general excise tax return filing decreases as time from the initial business license application passes. The Department believes a requirement to biennially renew a license will lead to an increase in compliance with general excise tax return filing and payment requirements.

Impact on the public: Taxpayers engaging in business in the State will be required to submit applications for license renewal biennially.

Impact on the department and other agencies: The Department will benefit from more accurate records and increases in taxpayer compliance.

GENERAL FUND: None.

OTHER FUNDS: None.

OTHER AFFECTED

AGENCIES: None.

EFFECTIVE DATE: January 1, 2022.