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# A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAX EXEMPTIONS.

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

1 SECTION 1. Section 237-24, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "**§237-24 Amounts not taxable.** This chapter shall not  
4 apply to the following amounts:

- 5 (1) Amounts received under life insurance policies and  
6 contracts paid by reason of the death of the insured;
- 7 (2) Amounts received (other than amounts paid by reason of  
8 death of the insured) under life insurance, endowment,  
9 or annuity contracts, either during the term or at  
10 maturity or upon surrender of the contract;
- 11 (3) Amounts received under any accident insurance or  
12 health insurance policy or contract or under workers'  
13 compensation acts or employers' liability acts, as  
14 compensation for personal injuries, death, or  
15 sickness, including also the amount of any damages or  
16 other compensation received, whether as a result of  
17 action or by private agreement between the parties on



- 1 account of the personal injuries, death, or  
2 sickness[-];
- 3 (4) The value of all property of every kind and sort  
4 acquired by gift, bequest, or devise, and the value of  
5 all property acquired by descent or inheritance;
- 6 (5) Amounts received by any person as compensatory damages  
7 for any tort injury to the person, or to the person's  
8 character reputation, or received as compensatory  
9 damages for any tort injury to or destruction of  
10 property, whether as the result of action or by  
11 private agreement between the parties (provided that  
12 amounts received as punitive damages for tort injury  
13 or breach of contract injury shall be included in  
14 gross income);
- 15 (6) Amounts received as salaries or wages for services  
16 rendered by an employee to an employer;
- 17 (7) Amounts received as alimony and other similar payments  
18 and settlements;
- 19 (8) Amounts collected by distributors as fuel taxes on  
20 "liquid fuel" imposed by chapter 243, and the amounts



- 1 collected by such distributors as a fuel tax imposed  
2 by any Act of the Congress of the United States;
- 3 (9) Taxes on liquor imposed by chapter 244D on dealers  
4 holding permits under that chapter;
- 5 (10) The amounts of taxes on cigarettes and tobacco  
6 products imposed by chapter 245 on wholesalers or  
7 dealers holding licenses under that chapter and  
8 selling the products at wholesale;
- 9 (11) Federal excise taxes imposed on articles sold at  
10 retail and collected from the purchasers thereof and  
11 paid to the federal government by the retailer;
- 12 (12) The amounts of federal taxes under chapter 37 of the  
13 Internal Revenue Code, or similar federal taxes,  
14 imposed on sugar manufactured in the State, paid by  
15 the manufacturer to the federal government;
- 16 (13) An amount up to, but not in excess of, \$2,000 a year  
17 of gross income received by any blind, deaf, or  
18 totally disabled person engaging, or continuing, in  
19 any business, trade, activity, occupation, or calling  
20 within the State; a corporation all of whose  
21 outstanding shares are owned by an individual or



1 individuals who are blind, deaf, or totally disabled;  
2 a general, limited, or limited liability partnership,  
3 all of whose partners are blind, deaf, or totally  
4 disabled; or a limited liability company, all of whose  
5 members are blind, deaf, or totally disabled;

6 ~~[(14) Amounts received by a producer of sugarcane from the~~  
7 ~~manufacturer to whom the producer sells the sugarcane,~~  
8 ~~where:~~

9 ~~(A) The producer is an independent cane farmer, so~~  
10 ~~classed by the Secretary of Agriculture under the~~  
11 ~~Sugar Act of 1948 (61 Stat. 922, Chapter 519) as~~  
12 ~~the Act may be amended or supplemented;~~

13 ~~(B) The value or gross proceeds of the sale of the~~  
14 ~~sugar, and other products manufactured from the~~  
15 ~~sugarcane, are included in the measure of the tax~~  
16 ~~levied on the manufacturer under section 237-~~  
17 ~~13(1) or (2);~~

18 ~~(C) The producer's gross proceeds of sales are~~  
19 ~~dependent upon the actual value of the products~~  
20 ~~manufactured therefrom or the average value of~~



1           ~~all similar products manufactured by the~~  
2           ~~manufacturer; and~~

3           ~~(D) The producer's gross proceeds of sales are~~  
4           ~~reduced by reason of the tax on the value or sale~~  
5           ~~of the manufactured products;~~

6       ~~(15)]~~ (14) Money paid by the State or eleemosynary child-  
7           placing organizations to foster parents for their care  
8           of children in foster homes; and

9       ~~[(16)]~~ (15) Amounts received by a cooperative housing  
10           corporation from its shareholders in reimbursement of  
11           funds paid by the corporation for lease rental, real  
12           property taxes, and other expenses of operating and  
13           maintaining the cooperative land and improvements;  
14           provided that [~~such a~~] the cooperative corporation is  
15           a corporation:

16           (A) Having one and only one class of stock  
17           outstanding;

18           (B) Each of the stockholders of which is entitled  
19           solely by reason of the stockholder's ownership  
20           of stock in the corporation, to occupy for



1 dwelling purposes a house, or an apartment in a  
 2 building owned or leased by the corporation; and  
 3 (C) No stockholder of which is entitled (either  
 4 conditionally or unconditionally) to receive any  
 5 distribution not out of earnings and profits of  
 6 the corporation except in a complete or partial  
 7 liquidation of the corporation[ ~~and~~

8 ~~(17) Amounts received by a contractor of the Patient-~~  
 9 ~~Centered Community Care program that is established by~~  
 10 ~~the United States Department of Veterans Affairs~~  
 11 ~~pursuant to title 38 United States Code section 8153,~~  
 12 ~~as amended, for the actual costs or advancements to~~  
 13 ~~third party health care providers pursuant to a~~  
 14 ~~contract with the United States]."~~

15 SECTION 2. Section 421H-4, Hawaii Revised Statutes, is  
 16 amended by amending subsection (c) to read as follows:

17 "(c) The membership shares and cooperative fees are  
 18 interests in real property for purposes of:

- 19 (1) Cooperative housing corporations under section 216 of
- 20 the federal Internal Revenue Code of 1954, as amended;
- 21 and



1 (2) Exemption from state general excise tax under section  
2 [~~237-24(16)~~.] 237-24(15)."

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

5 SECTION 4. This Act, upon its approval, shall take effect  
6 on January 1, 3000.



**Report Title:**

General Excise Tax Exemptions; Sugar Cane Growers; TRICARE;  
Patient-Centered Community Care Programs

**Description:**

Repeals the general excise tax exemption for amounts received by independent sugar cane farmers. Repeals the general excise tax exemption for amounts received by contractors of the Patient-Centered Community Care program that is established by the United States Department of Veterans Affairs pursuant to title 38 United States Code section 8153. Effective 1/1/3000. (HD1)

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