
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Section 209E-2, Hawaii Revised Statutes, is
2 amended by amending the definition of "eligible business
3 activity" to read as follows:

4 "Eligible business activity" means the:

- 5 (1) Manufacture of tangible personal property, the
6 wholesale sale of tangible personal property as
7 described in section 237-4, or a service business as
8 defined in this section;
- 9 (2) Production of agricultural products where the business
10 is a producer as defined in section 237-5, or the
11 processing of agricultural products, all or some of
12 which were grown within an enterprise zone;
- 13 (3) Research, development, sale, or production of all
14 types of genetically-engineered medical, agricultural,
15 or maritime biotechnology products; [~~or~~]



1 (4) Production of electric power from wind energy for sale
2 primarily to a public utility company for resale to
3 the public; or

4 (5) Manufacture or production of Hawaii-made or
5 Hawaii-processed products that fulfill the
6 requirements of section 486-119;

7 provided that medical cannabis dispensary activities pursuant to
8 chapter 329D shall not be considered an eligible business
9 activity for the purposes of this chapter."

10 SECTION 2. Section 235-110.7, Hawaii Revised Statutes, is
11 amended by amending subsection (f) to read as follows:

12 "(f) As used in this section:

13 "Cost" means the:

14 (1) Actual invoice price of the tangible personal
15 property; or

16 (2) Basis from which depreciation is taken under section
17 167 (with respect to depreciation) or from which a
18 deduction may be taken under section 168 (with respect
19 to accelerated cost recovery system) of the Internal
20 Revenue Code of 1954, as amended,

21 whichever is less.



1 "Eligible depreciable tangible personal property" [~~is~~]
2 means agricultural equipment or manufacturing equipment that is
3 section 38 property as defined by the operative provisions of
4 section 48 and having a depreciable life under section 167 or
5 for which a deduction may be taken under section 168 of the
6 Internal Revenue Code of 1954, as amended.

7 "Placed in service" means the earliest of the following
8 taxable years:

9 (1) The taxable year in which, under the:

10 (A) Taxpayer's depreciation practice, the period for
11 depreciation; or

12 (B) Accelerated cost recovery system, a claim for
13 recovery allowances,

14 with respect to the property begins; or

15 (2) The taxable year in which the property is placed in a
16 condition or state of readiness and availability for a
17 specifically assigned function.

18 "Purchase" means an acquisition of property.

19 "Tangible personal property" means tangible personal
20 property that is placed in service within Hawaii after
21 December 31, 1987, and the purchase or importation of which



1 resulted in a transaction that was subject to the imposition and
2 payment of tax at the rate of four per cent under chapter 237
3 or 238. "Tangible personal property" does not include tangible
4 personal property that is an integral part of a building or
5 structure or tangible personal property used in a foreign-trade
6 zone, as defined under chapter 212."

7 SECTION 3. Section 235-110.32, Hawaii Revised Statutes, is
8 amended by amending subsection (a) to read as follows:

9 "(a) Each year during the credit period, there shall be
10 allowed to each taxpayer subject to the taxes imposed by this
11 chapter a renewable fuels production tax credit that shall be
12 applied to the taxpayer's net income tax liability, if any,
13 imposed by this chapter for the taxable year in which the credit
14 is properly claimed.

15 For each taxpayer producing renewable fuels, the annual
16 dollar amount of the renewable fuels production tax credit
17 during the ten-year credit period shall be equal to 20 cents per
18 seventy-six thousand British thermal units of renewable fuels
19 using the lower heating value sold for distribution in the
20 State; provided that the taxpayer's production of renewable
21 fuels is not less than two billion five hundred million British



1 thermal units of renewable fuels per calendar year; provided
2 further that the amount of the tax credit claimed under this
3 section by a taxpayer shall not exceed \$3,500,000 per taxable
4 year; provided further that the tax credit shall only be claimed
5 for fuels with lifecycle emissions below that of fossil
6 fuels[-]; and provided further that, of the feedstock used by a
7 taxpayer to produce renewable fuels, _____ per cent shall
8 have been grown or produced in the State. No other tax credit
9 may be claimed under this chapter for the costs incurred to
10 produce the renewable fuels that are used to properly claim a
11 tax credit under this section for the taxable year.

12 Each taxpayer, together with all of its related entities as
13 determined under section 267(b) of the Internal Revenue Code and
14 all business entities under common control, as determined under
15 sections 414(b), 414(c), and 1563(a) of the Internal Revenue
16 Code, shall not be eligible for more than a single ten-year
17 credit period."

18 SECTION 4. Section 235-110.93, Hawaii Revised Statutes, is
19 amended by amending subsection (d) to read as follows:

20 "(d) The cost upon which the tax credit is computed shall
21 be determined at the entity level. In the case of a



1 partnership, S corporation, estate, trust, or other pass through
2 entity, distribution and share of the credit shall be determined
3 ~~[pursuant to section 235-110.7(a).]~~ by rule.

4 If a deduction is taken under section 179 (with respect to
5 election to expense depreciable business assets) of the Internal
6 Revenue Code, no tax credit shall be allowed for that portion of
7 the qualified agricultural cost for which a deduction was taken.

8 The basis of eligible property for depreciation or
9 accelerated cost recovery system purposes for state income taxes
10 shall be reduced by the amount of credit allowable and claimed.
11 No deduction shall be allowed for that portion of otherwise
12 deductible qualified agricultural costs on which a credit is
13 claimed under this section."

14 SECTION 5. Section 237-16.5, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "**§237-16.5 Tax on written real property leases** ~~[, deduction~~
17 **allowed]**. (a) This section relates to the leasing of real
18 property by a lessor to a lessee. There is hereby levied, and
19 shall be assessed and collected annually, a privilege tax
20 against persons engaging or continuing within the State in the
21 business of leasing real property to another, equal to four per



1 cent of the gross proceeds or gross income received or derived
2 from the leasing [~~; provided that where real property is~~
3 ~~subleased by a lessee to a sublessee, the lessee, as provided in~~
4 ~~this section, shall be allowed a deduction from the amount of~~
5 ~~gross proceeds or gross income received from its sublease of the~~
6 ~~real property. The deduction shall be in the amount allowed~~
7 ~~under this section].~~

8 ~~[All deductions under this section and the name and general~~
9 ~~excise tax number of the lessee's lessor shall be reported on~~
10 ~~the general excise tax return. Any deduction allowed under this~~
11 ~~section shall only be allowed with respect to leases and~~
12 ~~subleases in writing and relating to the same real property.~~

13 ~~(b) The lessee shall obtain from its lessor a certificate,~~
14 ~~in the form as the department shall prescribe, certifying that~~
15 ~~the lessor is subject to tax under this chapter on the gross~~
16 ~~proceeds or gross income received from the lessee. The absence~~
17 ~~of the certificate in itself shall give rise to the presumption~~
18 ~~that the lessee is not allowed the deduction under this section.~~

19 ~~(c) If various real property or space leased to the lessee~~
20 ~~have different rental values, then the total monetary gross~~
21 ~~proceeds or gross income paid to a lessor for all real property~~



1 ~~or space shall first be allocated to the fair rental value for~~
2 ~~each real property or space. If the lessee leases less than one~~
3 ~~hundred per cent of real property or space that was leased from~~
4 ~~the lessor to a sublessee, then the total monetary gross~~
5 ~~proceeds or gross income paid by the lessee for that real~~
6 ~~property or space to its lessor shall be allocated. The~~
7 ~~percentage of real property or space subleased shall be~~
8 ~~multiplied by the monetary gross proceeds or gross income paid~~
9 ~~for the real property or space by the lessee to its lessor. The~~
10 ~~product of the preceding multiplication shall be deducted from~~
11 ~~the monetary gross proceeds or gross income received for real~~
12 ~~property or space by the lessee.~~

13 ~~Once the allocations are made, the appropriate deduction~~
14 ~~under subsection (g) shall be made.~~

15 ~~(d) The lessor shall make allocations under this section~~
16 ~~at the time the sublease is entered into and the allocations~~
17 ~~shall not be changed during the term of the sublease. There~~
18 ~~shall be a reasonable basis for the allocations, taking into~~
19 ~~consideration the size, quality, and location of the real~~
20 ~~property or space subleased. In no event shall the total amount~~
21 ~~allocated to all subleases exceed the total monetary gross~~



1 ~~proceeds paid by the lessee to its lessor. The director may~~
2 ~~redetermine the amount of the deduction under this section if~~
3 ~~the director finds that the basis for allocation is not~~
4 ~~reasonable or that redetermination is necessary to prevent the~~
5 ~~avoidance of taxes.~~

6 ~~(e)]~~ (b) As used in this section:

7 "Lease" means the rental of real property under an
8 instrument in writing by which one conveys real property for a
9 specified term and for a specified consideration, and includes
10 the written extension or renegotiation of a lease, and any
11 holdover tenancy.

12 "Lessee" means one who holds real property under lease, and
13 includes a sublessee.

14 "Lessor" means one who conveys real property by lease, and
15 includes a sublessor.

16 "Real property or space" means the area actually rented and
17 used by the lessee, and includes common elements as defined in
18 section 514B-3.

19 ~~["Sublease" includes the rental of real property which is~~
20 ~~held under a lease and is made in a written document by which~~
21 ~~one conveys real property for a specified term and for a~~



1 ~~specified consideration. A sublease includes the written~~
2 ~~extension or renegotiation of a sublease and any holdover~~
3 ~~tenancy under the written sublease.~~

4 ~~"Sublessee" means one who holds real property under a~~
5 ~~sublease.~~

6 ~~"Sublessor" means one who conveys real property by~~
7 ~~sublease.~~

8 ~~(f) This section shall not cause the tax upon a lessor,~~
9 ~~with respect to any item of the lessor's gross proceeds or gross~~
10 ~~income, to exceed four per cent.~~

11 ~~(g) After allocation under subsection (c), if necessary,~~
12 ~~the deduction under this section shall be allowed from the gross~~
13 ~~proceeds or gross income of the lessee received from its~~
14 ~~sublease in an amount calculated by multiplying the gross~~
15 ~~proceeds or gross income paid by the lessee to its lessor for~~
16 ~~the lease of the real property by .875.~~

17 ~~The amount calculated shall be deducted by the lessee from~~
18 ~~the lessee's total reported gross proceeds or gross income. The~~
19 ~~deduction allowed by this subsection may be taken by the fiscal~~
20 ~~and calendar year lessees.] "~~



1 SECTION 6. Section 237-16.8, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[+]§237-16.8[+] Exemption of certain convention,
4 conference, and trade show fees. In addition to any other
5 applicable exemption provided under this chapter, prior to
6 January 1, 2031, there shall be exempted from the measure of
7 taxes imposed by this chapter all of the value or gross income
8 derived by a fraternal benefit, religious, charitable,
9 scientific, educational, or other nonprofit organization under
10 section 501(c) of the Internal Revenue Code of 1986, as amended,
11 from fees for convention, conference, or trade show exhibit or
12 display spaces; provided that the gross proceeds of sales by a
13 vendor through the use of exhibit or display space at a
14 conference, convention, or trade show shall be subject to the
15 imposition of the general excise tax under section 237-13."

16 SECTION 7. Section 237-22, Hawaii Revised Statutes, is
17 amended by amending subsection (b) to read as follows:

18 "(b) To the extent that any deduction, allocation, or
19 other method to determine tax liability is necessary to comply
20 with subsection (a), each taxpayer liable for the tax imposed by
21 this chapter shall be entitled to full offset for the amount of



1 legally imposed sales, gross receipts, or use taxes paid by the
2 taxpayer with respect to the imported property, service, or
3 contracting to another state and any subdivision thereof;
4 provided that such offset shall not exceed the amount of general
5 excise tax imposed under this chapter upon the gross proceeds of
6 sales or gross income from the sale and subsequent sale of the
7 imported property, service, or contracting. The amount of
8 legally imposed sales, gross receipts, or use taxes paid by the
9 taxpayer with respect to the import shall be first applied
10 against any use tax, as permitted under section [~~238-3(i),~~]
11 238-3(h), and any remaining amount may be applied under this
12 section for the same imported property, service, or contracting.

13 The director of taxation shall have the authority to
14 implement this offset by prescribing tax forms and instructions
15 that require tax reporting and payment by deduction, allocation,
16 or any other method to determine tax liability to the extent
17 necessary to comply with the foregoing.

18 The director of taxation may require the taxpayer to
19 produce the necessary receipts or vouchers indicating the
20 payment of the sales, gross receipts, or use taxes to another



1 state or subdivision as a condition for the allowance of this
2 offset."

3 SECTION 8. Section 237-24, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "§237-24 **Amounts not taxable.** This chapter shall not
6 apply to the following amounts:

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



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



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



1 all of whose partners are blind, deaf, or totally
2 disabled; or a limited liability company, all of whose
3 members are blind, deaf, or totally disabled;

4 (14) [~~Amounts~~] Prior to January 1, 2031, amounts received
5 by a producer of sugarcane from the manufacturer to
6 whom the producer sells the sugarcane, where:

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

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

16 (C) The producer's gross proceeds of sales are
17 dependent upon the actual value of the products
18 manufactured therefrom or the average value of
19 all similar products manufactured by the
20 manufacturer; and



- 1 (D) The producer's gross proceeds of sales are
2 reduced by reason of the tax on the value or sale
3 of the manufactured products;
- 4 (15) Money paid by the State or eleemosynary child-placing
5 organizations to foster parents for their care of
6 children in foster homes;
- 7 (16) Amounts received by a cooperative housing corporation
8 from its shareholders in reimbursement of funds paid
9 by such corporation for lease rental, real property
10 taxes, and other expenses of operating and maintaining
11 the cooperative land and improvements; provided that
12 such a cooperative corporation is a corporation:
- 13 (A) Having one and only one class of stock
14 outstanding;
- 15 (B) Each of the stockholders of which is entitled
16 solely by reason of the stockholder's ownership
17 of stock in the corporation, to occupy for
18 dwelling purposes a house, or an apartment in a
19 building owned or leased by the corporation; and
- 20 (C) No stockholder of which is entitled (either
21 conditionally or unconditionally) to receive any



1 distribution not out of earnings and profits of
2 the corporation except in a complete or partial
3 liquidation of the corporation; and

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

11 SECTION 9. Section 237-24.3, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "§237-24.3 Additional amounts not taxable. In addition to
14 the amounts not taxable under section 237-24, this chapter shall
15 not apply to:

16 (1) [~~Amounts~~] Prior to January 1, 2031, amounts received
17 from the loading, transportation, and unloading of
18 agricultural commodities shipped for a producer or
19 produce dealer on one island of this State to a
20 person, firm, or organization on another island of
21 this State. The terms "agricultural commodity",



1 "producer", and "produce dealer" shall be defined in
2 the same manner as they are defined in section 147-1;
3 provided that agricultural commodities need not have
4 been produced in the State;

5 (2) Amounts received by the manager, submanager, or board
6 of directors of:

7 (A) An association of a condominium property regime
8 established in accordance with chapter 514B or
9 any predecessor thereto; or

10 (B) A nonprofit homeowners or community association
11 incorporated in accordance with chapter 414D or
12 any predecessor thereto and existing pursuant to
13 covenants running with the land,
14 in reimbursement of sums paid for common expenses;

15 (3) Amounts received or accrued from:

16 (A) The loading or unloading of cargo from ships,
17 barges, vessels, or aircraft, including
18 stevedoring services as defined in section 382-1,
19 whether or not the ships, barges, vessels, or
20 aircraft travel between the State and other



1 states or countries or between the islands of the
2 State;

3 (B) Tugboat services including pilotage fees
4 performed within the State, and the towage of
5 ships, barges, or vessels in and out of state
6 harbors, or from one pier to another;

7 (C) The transportation of pilots or governmental
8 officials to ships, barges, or vessels offshore;
9 rigging gear; checking freight and similar
10 services; standby charges; and use of moorings
11 and running mooring lines; and

12 (D) Wharfage and demurrage imposed under chapter 266
13 that is paid to the department of transportation;

14 (4) Amounts received by an employee benefit plan by way of
15 contributions, dividends, interest, and other income;
16 and amounts received by a nonprofit organization or
17 office, as payments for costs and expenses incurred
18 for the administration of an employee benefit plan;
19 provided that this exemption shall not apply to any
20 gross rental income or gross rental proceeds received
21 after June 30, 1994, as income from investments in



1 real property in this State; and provided further that
 2 gross rental income or gross rental proceeds from
 3 investments in real property received by an employee
 4 benefit plan after June 30, 1994, under written
 5 contracts executed prior to July 1, 1994, shall not be
 6 taxed until the contracts are renegotiated, renewed,
 7 or extended, or until after December 31, 1998,
 8 whichever is earlier. For the purposes of this
 9 paragraph, "employee benefit plan" means any plan as
 10 defined in title 29 United States Code section
 11 1002(3), as amended;

12 (5) Amounts received for purchases made with United States
 13 Department of Agriculture food coupons under the
 14 federal food stamp program, and amounts received for
 15 purchases made with United States Department of
 16 Agriculture food vouchers under the Special
 17 Supplemental Foods Program for Women, Infants and
 18 Children;

19 (6) Amounts received by a hospital, infirmary, medical
 20 clinic, health care facility, pharmacy, or a
 21 practitioner licensed to administer the drug to an



1 individual for selling prescription drugs or
2 prosthetic devices to an individual; provided that
3 this paragraph shall not apply to any amounts received
4 for services provided in selling prescription drugs or
5 prosthetic devices. As used in this paragraph:

6 "Prescription drugs" are those drugs defined
7 under section 328-1 and dispensed by filling or
8 refilling a written or oral prescription by a
9 practitioner licensed under law to administer the drug
10 and sold by a licensed pharmacist under section 328-16
11 or practitioners licensed to administer drugs;
12 provided that "prescription drugs" shall not include
13 cannabis or manufactured cannabis products authorized
14 pursuant to chapters 329 and 329D; and

15 "Prosthetic device" means any artificial device
16 or appliance, instrument, apparatus, or contrivance,
17 including their components, parts, accessories, and
18 replacements thereof, used to replace a missing or
19 surgically removed part of the human body, which is
20 prescribed by a licensed practitioner of medicine,
21 osteopathy, or podiatry and that is sold by the



- 1 practitioner or that is dispensed and sold by a dealer
2 of prosthetic devices; provided that "prosthetic
3 device" shall not mean any auditory, ophthalmic,
4 dental, or ocular device or appliance, instrument,
5 apparatus, or contrivance;
- 6 (7) Taxes on transient accommodations imposed by chapter
7 237D and passed on and collected by operators holding
8 certificates of registration under that chapter;
- 9 (8) Amounts received as dues by an unincorporated
10 merchants association from its membership for
11 advertising media, promotional, and advertising costs
12 for the promotion of the association for the benefit
13 of its members as a whole and not for the benefit of
14 an individual member or group of members less than the
15 entire membership;
- 16 (9) Amounts received by a labor organization for real
17 property leased to:
- 18 (A) A labor organization; or
19 (B) A trust fund established by a labor organization
20 for the benefit of its members, families, and
21 dependents for medical or hospital care, pensions



1 on retirement or death of employees,
2 apprenticeship and training, and other membership
3 service programs.

4 As used in this paragraph, "labor organization" means
5 a labor organization exempt from federal income tax
6 under section 501(c)(5) of the Internal Revenue Code,
7 as amended;

8 (10) Amounts received from foreign diplomats and consular
9 officials who are holding cards issued or authorized
10 by the United States Department of State granting them
11 an exemption from state taxes;

12 (11) Amounts received as rent for the rental or leasing of
13 aircraft or aircraft engines used by the lessees or
14 renters for interstate air transportation of
15 passengers and goods [-]; provided that, if a taxpayer
16 is engaged in the business of transporting passengers
17 or goods by aircraft, the taxpayer shall fulfill the
18 following requirements, as certified by the department
19 of agriculture, in order to qualify for an exemption
20 under this paragraph:

21 (A) With regard to food purchases:



- 1 (i) By January 1, 2028, fresh local agricultural
2 products and local value-added, processed,
3 agricultural, or food products shall
4 constitute a minimum of eighteen per cent of
5 the total food purchased during each
6 calendar year, as measured by the per cent
7 of total food cost;
- 8 (ii) By January 1, 2033, fresh local agricultural
9 products and local value-added, processed,
10 agricultural, or food products shall
11 constitute a minimum of twenty-six per cent
12 of the total food purchased during each
13 calendar year, as measured by the per cent
14 of total food cost;
- 15 (iii) By January 1, 2038, fresh local agricultural
16 products and local value-added, processed,
17 agricultural, or food products shall
18 constitute a minimum of thirty-four per cent
19 of the total food purchased during each
20 calendar year, as measured by the per cent
21 of total food cost;



1 (iv) By January 1, 2043, fresh local agricultural
2 products and local value-added, processed,
3 agricultural, or food products shall
4 constitute a minimum of forty-two per cent
5 of the total food purchased during each
6 calendar year, as measured by the per cent
7 of total food cost; and

8 (v) By January 1, 2048, fresh local agricultural
9 products and local value-added, processed,
10 agricultural, or food products shall
11 constitute a minimum of fifty per cent of
12 the total food purchased during each
13 calendar year, as measured by the per cent
14 of total food cost; and

15 (B) Charge discounted rates for the transportation of
16 agricultural products, including live products.

17 For purposes of this paragraph, payments made pursuant
18 to a lease shall be considered rent regardless of
19 whether the lease is an operating lease or a financing
20 lease. The definition of "interstate air
21 transportation" is the same as in 49 U.S.C. section



1 40102[+]. "Fresh local agricultural products" and
2 "local value-added, processed, agricultural, or food
3 products" have the same meaning as defined under
4 section 27-8; and

5 (12) Amounts received by a hospital, infirmary, medical
6 clinic, health care facility, or pharmacy, or a
7 medical or dental practitioner, for healthcare-related
8 goods or services purchased under the medicare,
9 medicaid, or TRICARE programs. For the purposes of
10 this paragraph, the healthcare-related services need
11 not be performed by a medical or dental practitioner
12 but may be performed by a physician's assistant,
13 nurse, or other employee under the medical or dental
14 practitioner's direction. As used in this paragraph:

15 "Medicaid" means the program established under
16 Title XIX of the Social Security Act of 1935, as
17 amended;

18 "Medical or dental practitioner" means a
19 physician or osteopathic physician licensed pursuant
20 to chapter 453; a dentist licensed under chapter 448;
21 an advanced practice registered nurse licensed



1 pursuant to chapter 457; or a pharmacist licensed
2 pursuant to chapter 461;

3 "Medicare" means the program established under
4 Title XVIII of the Social Security Act of 1935, as
5 amended; and

6 "TRICARE" means the program of the Department of
7 Defense military health system managed by the Defense
8 Health Agency, or any successor program."

9 SECTION 10. Section 237-24.9, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "**§237-24.9 Aircraft service and maintenance facility.** (a)

12 This chapter shall not apply to amounts received from the
13 servicing and maintenance of aircraft or from the construction
14 of an aircraft service and maintenance facility in the State[-];
15 provided that, if a taxpayer is engaged in the business of
16 transporting passengers or goods by aircraft, the taxpayer shall
17 fulfill the following requirements, as certified by the
18 department of agriculture, in order to qualify for an exemption
19 under this section:

- 20 (1) With regard to food purchases:



- 1 (A) By January 1, 2028, fresh local agricultural products
2 and local value-added, processed, agricultural, or
3 food products shall constitute a minimum of eighteen
4 per cent of the total food purchased during each
5 calendar year, as measured by the per cent of total
6 food cost;
- 7 (B) By January 1, 2033, fresh local agricultural products
8 and local value-added, processed, agricultural, or
9 food products shall constitute a minimum of twenty-six
10 per cent of the total food purchased during each
11 calendar year, as measured by the per cent of total
12 food cost;
- 13 (C) By January 1, 2038, fresh local agricultural products
14 and local value-added, processed, agricultural, or
15 food products shall constitute a minimum of
16 thirty-four per cent of the total food purchased
17 during each calendar year, as measured by the per cent
18 of total food cost;
- 19 (D) By January 1, 2043, fresh local agricultural products
20 and local value-added, processed, agricultural, or
21 food products shall constitute a minimum of forty-two



1 per cent of the total food purchased during each
2 calendar year, as measured by the per cent of total
3 food cost; and

4 (E) By January 1, 2048, fresh local agricultural products
5 and local value-added, processed, agricultural, or
6 food products shall constitute a minimum of fifty per
7 cent of the total food purchased during each calendar
8 year, as measured by the per cent of total food cost;
9 and

10 (2) Charge discounted rates for the transportation of
11 agricultural products, including live products.

12 (b) As used in this section:

13 "Aircraft" means any craft or artificial contrivance of
14 whatever description engaged in intrastate, interstate, or
15 international scheduled commercial use as defined in chapter
16 263, that operates with two or more jet engines.

17 "Aircraft service and maintenance" means all scheduled and
18 unscheduled tasks performed within an aircraft service and
19 maintenance facility for the inspection, modification,
20 maintenance, and repair of aircraft and related components



1 including engines, hydraulic and electrical systems, and all
2 other components which are an integral part of an aircraft.

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

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

14 "Fresh local agricultural products" means fruits,
15 vegetables, nuts, coffee, eggs, poultry and poultry products,
16 livestock and livestock products, milk and milk products,
17 aquacultural and maricultural products, and horticultural
18 products, that are one hundred per cent grown, raised, and
19 harvested in Hawaii.

20 "Local value-added, processed, agricultural, or food
21 products" means a product for which at least fifty-one per cent



1 of its primary agricultural product is grown, raised, and
2 harvested in Hawaii.

3 "Maintenance" means the upkeep of aircraft engines,
4 hydraulic and electrical systems, and all other components which
5 are an integral part of an aircraft, but does not include
6 refueling, janitorial services or cleaning, restocking of
7 aircraft and passenger supplies, or loading or unloading of
8 cargo and passenger baggage."

9 SECTION 11. Section 237-25, Hawaii Revised Statutes, is
10 amended by amending subsection (a) to read as follows:

11 "(a) Any provision of law to the contrary notwithstanding,
12 there shall be exempted from, and excluded from the measures of,
13 the tax imposed by chapter 237 all sales, and the gross proceeds
14 of all sales, of:

15 (1) Intoxicating liquor, as defined in chapter 281,
16 hereafter sold by any person licensed under chapter
17 281 to the United States (including any agency or
18 instrumentality of the United States that is wholly
19 owned or otherwise so constituted as to be immune from
20 the levy of a tax under chapter 238 or 244D but not
21 including national banks), or to any organization to



1 which that sale is permitted by the proviso of
2 "Class 3" of section 281-31, located on any Army,
3 Navy, or Air Force reservation, but the person making
4 the sale shall nevertheless, within the meaning of
5 chapters 237, 244D, and 281 be deemed to be a licensed
6 seller;

7 (2) Tobacco products and cigarettes, as defined in chapter
8 245, sold by any person licensed under the chapter to
9 the United States (including any agency or
10 instrumentality thereof that is wholly owned or
11 otherwise so constituted as to be immune from the levy
12 of a tax under chapter 238 or 245 but not including
13 national banks), but the person making the sale shall
14 nevertheless, within the meaning of chapters 237 and
15 245, be deemed to be a licensed seller;

16 (3) [~~Other~~] Prior to January 1, 2031, other tangible
17 personal property sold by any person licensed under
18 this chapter to the United States (including any
19 agency, instrumentality, or federal credit union
20 thereof but not including national banks), and to any
21 state-chartered credit union, but the person making



1 such sale shall nevertheless, within the meaning of
2 this chapter, be deemed a licensed seller; and
3 (4) When the amount of property sold by a licensee turns
4 upon the amount of the property sold through a vending
5 machine or similar device to the customer using the
6 device, there shall not be deemed to have occurred any
7 sale covered by an exemption under paragraph (1), (2),
8 or (3)."

9 SECTION 12. Section 237-27, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "**§237-27 Exemption of certain petroleum refiners.** (a) As
12 used in this section:

13 "Petroleum products" means petroleum; any distillate,
14 fraction, or derivative of petroleum; natural gas or its
15 components; gas manufactured from a petroleum product; and any
16 product derived from the gas or from the manufacture thereof,
17 such as benzene, xylene, toluene, acetylene, tars, components of
18 tars, and ammonia.

19 "Qualified refiner" means a refiner that produces renewable
20 fuels of a dollar value equal to the exemption claimed under
21 this section, as certified by the Hawaii state energy office.



1 "Refiner" means any person who, in the State, engages in
2 the business of refining petroleum products and is taxable under
3 this chapter, upon the value or gross proceeds of sales of the
4 petroleum products resultant from the business. A person who is
5 engaged in business as a refiner and also in other business
6 shall be deemed a refiner only in respect of the business that
7 produces the products included in the measure of the tax imposed
8 by this chapter.

9 "Refining" means:

- 10 (1) Any process performed by a refiner that includes a
11 change in the character or properties of a petroleum
12 product through the application of heat; or
13 (2) The compounding by a refiner of a petroleum product
14 with a product that has been refined by the refiner by
15 the process stated in paragraph (1).

16 "Renewable fuels" means renewable fuels, as defined in
17 section 235-110.32, that is produced and sold for the purpose of
18 generating electricity.

19 (b) There shall be excluded from the measure of the tax on
20 a qualified refiner such part of the petroleum products
21 resultant from the qualified refiner's business as is to be



1 further refined by another refiner, to the extent that the
2 petroleum products resultant from such further refining will be
3 (or but for this subsection would be) included in the measure of
4 the tax on such other refiner, and where petroleum products are
5 to be used partly for such refining and partly for other
6 purposes, the proportion used for each purpose shall be
7 determined upon the basis of weight or BTU content."

8 SECTION 13. Section 237-28.1, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "[+]§237-28.1[+] **Exemption of certain shipbuilding and**
11 **ship repair business.** [There] Prior to January 1, 2031, shall
12 be exempted from, and excluded from the measure of, the taxes
13 imposed by this chapter all of the gross proceeds arising from
14 shipbuilding and ship repairs rendered to surface vessels
15 federally owned or engaged in interstate or international
16 trade."

17 SECTION 14. Section 238-1, Hawaii Revised Statutes, is
18 amended as follows:

19 1. By adding two new definitions to be appropriately
20 inserted and to read:



1 "Fresh local agricultural products" means fruits,
2 vegetables, nuts, coffee, eggs, poultry and poultry products,
3 livestock and livestock products, milk and milk products,
4 aquacultural and maricultural products, and horticultural
5 products, that are one hundred per cent grown, raised, and
6 harvested in Hawaii.

7 "Local value-added, processed, agricultural, or food
8 products" means a product for which at least fifty-one per cent
9 of its primary agricultural product is grown, raised, and
10 harvested in Hawaii."

11 2. By amending the definition of "use" to read:

12 "Use" (and any nounal, verbal, adjectival, adverbial, and
13 other equivalent form of the term) herein used interchangeably
14 means any use, whether the use is of such nature as to cause the
15 property, services, or contracting to be appreciably consumed or
16 not, or the keeping of the property or services for such use or
17 for sale, the exercise of any right or power over tangible or
18 intangible personal property incident to the ownership of that
19 property, and shall include control over tangible or intangible
20 property by a seller who is licensed or who should be licensed
21 under chapter 237, who directs the importation of the property



1 into the State for sale and delivery to a purchaser in the
2 State, liability and free on board (FOB) to the contrary
3 notwithstanding, regardless of where title passes, but the term
4 "use" shall not include:

5 (1) Temporary use of property, not of a perishable or
6 quickly consumable nature, where the property is
7 imported into the State for temporary use (not sale)
8 therein by the person importing the same and is not
9 intended to be, and is not, kept permanently in the
10 State. For example, without limiting the generality
11 of the foregoing language:

12 (A) In the case of a contractor importing permanent
13 equipment for the performance of a construction
14 contract, with intent to remove, and who does
15 remove, the equipment out of the State upon
16 completing the contract;

17 (B) In the case of moving picture films imported for
18 use in theaters in the State with intent or under
19 contract to transport the same out of the State
20 after completion of such use; and



- 1 (C) In the case of a transient visitor importing an
- 2 automobile or other belongings into the State to
- 3 be used by the transient visitor while therein
- 4 but which are to be used and are removed upon the
- 5 transient visitor's departure from the State;
- 6 (2) Use by the taxpayer of property acquired by the
- 7 taxpayer solely by way of gift;
- 8 (3) Use which is limited to the receipt of articles and
- 9 the return thereof, to the person from whom acquired,
- 10 immediately or within a reasonable time either after
- 11 temporary trial or without trial;
- 12 (4) Use of goods imported into the State by the owner of a
- 13 vessel or vessels engaged in interstate or foreign
- 14 commerce and held for and used only as ship stores for
- 15 the vessels;
- 16 (5) The use or keeping for use of household goods,
- 17 personal effects, and private automobiles imported
- 18 into the State for nonbusiness use by a person who:
- 19 (A) Acquired them in another state, territory,
- 20 district, or country;



1 (B) At the time of the acquisition was a bona fide
2 resident of another state, territory, district,
3 or country;

4 (C) Acquired the property for use outside the State;
5 and

6 (D) Made actual and substantial use thereof outside
7 this State;

8 provided that as to an article acquired less than
9 three months prior to the time of its importation into
10 the State it shall be presumed, until and unless
11 clearly proved to the contrary, that it was acquired
12 for use in the State and that its use outside the
13 State was not actual and substantial;

14 (6) The leasing or renting of any aircraft or the keeping
15 of any aircraft solely for leasing or renting to
16 lessees or renters using the aircraft for commercial
17 transportation of passengers and goods or the
18 acquisition or importation of any such aircraft or
19 aircraft engines by any lessee or renter engaged in
20 interstate air transportation[-]; provided that, if a
21 taxpayer is engaged in the business of transporting



1 passengers or goods by aircraft, the taxpayer shall
2 fulfill the following requirements, as certified by
3 the department of agriculture:

4 (A) With regard to food purchases:

5 (i) By January 1, 2028, fresh local agricultural
6 products and local value-added, processed,
7 agricultural, or food products shall
8 constitute a minimum of eighteen per cent of
9 the total food purchased during each
10 calendar year, as measured by the per cent
11 of total food cost;

12 (ii) By January 1, 2033, fresh local agricultural
13 products and local value-added, processed,
14 agricultural, or food products shall
15 constitute a minimum of twenty-six per cent
16 of the total food purchased during each
17 calendar year, as measured by the per cent
18 of total food cost;

19 (iii) By January 1, 2038, fresh local agricultural
20 products and local value-added, processed,
21 agricultural, or food products shall



1 constitute a minimum of thirty-four per cent
2 of the total food purchased during each
3 calendar year, as measured by the per cent
4 of total food cost;

5 (iv) By January 1, 2043, fresh local agricultural
6 products and local value-added, processed,
7 agricultural, or food products shall
8 constitute a minimum of forty-two per cent
9 of the total food purchased during each
10 calendar year, as measured by the per cent
11 of total food cost; and

12 (v) By January 1, 2048, fresh local agricultural
13 products and local value-added, processed,
14 agricultural, or food products shall
15 constitute a minimum of fifty per cent of
16 the total food purchased during each
17 calendar year, as measured by the per cent
18 of total food cost; and

19 (B) Charge discounted rates for the transportation of
20 agricultural products, including live products.



1 For purposes of this paragraph, "leasing" includes all
2 forms of lease, regardless of whether the lease is an
3 operating lease or financing lease. The definition of
4 "interstate air transportation" is the same as in 49
5 U.S.C. 40102;

6 (7) The use of oceangoing vehicles for passenger or
7 passenger and goods transportation from one point to
8 another within the State as a public utility as
9 defined in chapter 269;

10 (8) The use of material, parts, or tools imported or
11 purchased by a person licensed under chapter 237 which
12 are used for aircraft service and maintenance, or the
13 construction of an aircraft service and maintenance
14 facility as those terms are defined in section
15 237-24.9; provided that, if a taxpayer is engaged in
16 the business of transporting passengers or goods by
17 aircraft, the taxpayer shall fulfill the following
18 requirements, as certified by the department of
19 agriculture:

20 (A) With regard to food purchases:



1 (i) By January 1, 2028, fresh local agricultural
2 products and local value-added, processed,
3 agricultural, or food products shall
4 constitute a minimum of eighteen per cent of
5 the total food purchased during each
6 calendar year, as measured by the per cent
7 of total food cost;

8 (ii) By January 1, 2033, fresh local agricultural
9 products and local value-added, processed,
10 agricultural, or food products shall
11 constitute a minimum of twenty-six per cent
12 of the total food purchased during each
13 calendar year, as measured by the per cent
14 of total food cost;

15 (iii) By January 1, 2038, fresh local agricultural
16 products and local value-added, processed,
17 agricultural, or food products shall
18 constitute a minimum of thirty-four per cent
19 of the total food purchased during each
20 calendar year, as measured by the per cent
21 of total food cost;



- 1 (iv) By January 1, 2043, fresh local agricultural
2 products and local value-added, processed,
3 agricultural, or food products shall
4 constitute a minimum of forty-two per cent
5 of the total food purchased during each
6 calendar year, as measured by the per cent
7 of total food cost; and
- 8 (v) By January 1, 2048, fresh local agricultural
9 products and local value-added, processed,
10 agricultural, or food products shall
11 constitute a minimum of fifty per cent of
12 the total food purchased during each
13 calendar year, as measured by the per cent
14 of total food cost; and
- 15 (B) Charge discounted rates for the transportation of
16 agricultural products, including live products;
- 17 (9) The use of services or contracting imported for resale
18 where the contracting or services are for resale,
19 consumption, or use outside the State pursuant to
20 section 237-29.53(a); and



1 (10) The use of property, services, or contracting imported
 2 by foreign diplomats and consular officials who are
 3 holding cards issued or authorized by the United
 4 States Department of State granting them an exemption
 5 from state taxes.

6 With regard to purchases made and distributed under the
 7 authority of chapter 421, a cooperative association shall be
 8 deemed the user thereof."

9 SECTION 15. Section 238-3, Hawaii Revised Statutes, is
 10 amended to read as follows:

11 "**§238-3 Application of tax, etc.** (a) The tax imposed by
 12 this chapter shall not apply to any property, services, or
 13 contracting or to any use of the property, services, or
 14 contracting that cannot legally be so taxed under the
 15 Constitution or laws of the United States, but only so long as,
 16 and only to the extent to which the State is without power to
 17 impose the tax.

18 To the extent that any exemption, exclusion, or
 19 apportionment is necessary to comply with the preceding
 20 sentence, the director of taxation shall:



1 (1) Exempt or exclude from the tax under this chapter,
2 property, services, or contracting or the use of
3 property, services, or contracting exempted under
4 chapter 237; or

5 (2) Apportion the gross value of services or contracting
6 sold to customers within the State by persons engaged
7 in business both within and without the State to
8 determine the value of that portion of the services or
9 contracting that is subject to taxation under chapter
10 237 for the purposes of section 237-21.

11 (b) The tax imposed by this chapter shall not apply to any
12 use of property, services, or contracting the transfer of which
13 property, services, or contracting to, or the acquisition of
14 which by, the person so using the same, has actually been or
15 actually is taxed under chapter 237.

16 (c) The tax imposed by this chapter shall be paid only
17 once upon or in respect of the same property, services, or
18 contracting; provided that nothing in this chapter contained
19 shall be construed to exempt any property, services, or
20 contracting, or the use thereof from taxation under any other
21 law of the State.



1 (d) The tax imposed by this chapter shall be in addition
2 to any other taxes imposed by any other laws of the State,
3 except as otherwise specifically provided herein; provided that
4 if it be finally held by any court of competent jurisdiction,
5 that the tax imposed by this chapter may not legally be imposed
6 in addition to any other tax or taxes imposed by any other law
7 or laws with respect to the same property, services, or
8 contracting, or the use thereof, then this chapter shall be
9 deemed not to apply to the property, services, or contracting,
10 or the use thereof under such specific circumstances, but such
11 other laws shall be given full effect with respect to the
12 property, services, or contracting, or use.

13 (e) The tax imposed by this chapter shall not apply to any
14 use of property exempted by section 238-4.

15 (f) The tax imposed by this chapter shall not apply to any
16 use or consumption of aircraft and vessels, the transfer of
17 which aircraft or vessel to, or the acquisition of which by, the
18 person so using or consuming the same, or the rental for the use
19 of the aircraft or vessel, has actually been or actually is
20 taxed under chapter 237.



1 (g) The tax imposed by this chapter shall not apply to any
2 intoxicating liquor as defined in chapter 244D and cigarettes
3 and tobacco products as defined in chapter 245, imported into
4 the State and sold to any person or common carrier in interstate
5 commerce, whether ocean-going or air, for consumption
6 out-of-state by the person, crew, or passengers on the shipper's
7 vessels or airplanes.

8 ~~[(h) The tax imposed by this chapter shall not apply to~~
9 ~~any use of vessels constructed under section 189-25 prior to~~
10 ~~July 1, 1969.~~

11 ~~(i)]~~ (h) Each taxpayer liable for the tax imposed by this
12 chapter on property, services, or contracting shall be entitled
13 to full credit for the combined amount or amounts of legally
14 imposed sales or use taxes paid by the taxpayer with respect to
15 the same transaction and property, services, or contracting to
16 another state and any subdivision thereof, but the credit shall
17 not exceed the amount of the use tax imposed under this chapter
18 on account of the transaction and property, services, or
19 contracting. The director of taxation may require the taxpayer
20 to produce the necessary receipts or vouchers indicating the



1 payment of the sales or use tax to another state or subdivision
2 as a condition for the allowance of the credit.

3 ~~[(j)]~~ (i) The tax imposed by this chapter shall not apply
4 to any use of property, services, or contracting exempted by
5 section 237-26 or section 237-29.

6 ~~[(k) The tax imposed by this chapter shall not apply to
7 any use of air pollution control facility exempted by section
8 237-27.5.]~~"

9 SECTION 16. Section 237-24.5, Hawaii Revised Statutes, is
10 repealed.

11 ~~["§237-24.5 Additional exemptions. (a) In addition to
12 the amounts exempt under section 237-24, this chapter shall not
13 apply to amounts received by:~~

14 ~~(1) An exchange from:~~

15 ~~(A) Transaction fees charged exchange members by the
16 exchange for:~~

17 ~~(i) The sale or purchase of securities or
18 products, or both, bought or sold on an
19 exchange by exchange members for their own
20 account or an account for which they have~~



1 ~~responsibility as an agent, broker, or~~
2 ~~fiduciary;~~

3 ~~(ii) Order book executions made for purposes of~~
4 ~~effecting transactions; and~~

5 ~~(iii) Trade processing performed by an exchange in~~
6 ~~matching trades, keypunching, record~~
7 ~~keeping, post cashiering, and notarization;~~

8 ~~(B) Membership dues, fees, charges, assessments, and~~
9 ~~finer from individuals or firms, including~~
10 ~~charges for firm symbols (member identification),~~
11 ~~application processing, registration, initiation,~~
12 ~~membership transfers, floor or post privileges,~~
13 ~~transaction time extensions, expediting~~
14 ~~transactions, crossover trades (trading out of~~
15 ~~assigned functions) and rule infractions;~~

16 ~~(C) Service fees charged to members including fees~~
17 ~~for communications, badges, forms, documents, and~~
18 ~~reports;~~

19 ~~(D) Listing fees and listing maintenance fees charged~~
20 ~~to companies that wish to be listed and have~~



1 ~~their securities or products traded on the~~
2 ~~exchange; and~~

3 ~~(E) Participation in the communication network~~
4 ~~consortium operated collectively by United States~~
5 ~~exchanges or other markets recognized by the~~
6 ~~Securities and Exchange Commission, the~~
7 ~~Commodities Futures Trading Commission, or~~
8 ~~similar regulatory authorities outside the United~~
9 ~~States that provides last sale and quote~~
10 ~~securities information to subscribers or that~~
11 ~~connects such markets or exchanges for purposes~~
12 ~~of data transmission;~~

13 ~~(2) Exchange members by reason of executing a securities~~
14 ~~or product transaction on an exchange; provided that~~
15 ~~this exemption shall apply only to amounts received by~~
16 ~~exchange members from brokers or dealers registered~~
17 ~~with the Securities and Exchange Commission, from~~
18 ~~futures commission merchants, brokers, or associates~~
19 ~~registered with the Commodities Futures Trading~~
20 ~~Commission, or from similar individuals or firms~~



1 ~~registered with similar regulatory authorities outside~~
2 ~~the United States; and~~

3 ~~(3) Exchange members as proceeds from the sale of their~~
4 ~~exchange memberships.~~

5 ~~(b) As used in this section:~~

6 ~~"Exchange" means an exchange or board of trade as defined~~
7 ~~in 15 United States Code section 78c(a)(1) or in 7 United States~~
8 ~~Code section 7, respectively, which is subject to regulation by~~
9 ~~the Securities and Exchange Commission or the Commodities~~
10 ~~Futures Trading Commission or an organization subject to similar~~
11 ~~regulation under the laws of a jurisdiction outside the United~~
12 ~~States.~~

13 ~~"Exchange member" means an individual or firm that is~~
14 ~~qualified by an exchange as a member and pays membership dues to~~
15 ~~an exchange in order to trade securities or products on an~~
16 ~~exchange.~~

17 ~~"Securities" means securities as defined in 15 United~~
18 ~~States Code section 78c and "products" means contracts of sale~~
19 ~~of commodities for future delivery, futures contracts, options,~~
20 ~~calls, puts, and similar rights as defined in 7 United States~~



1 ~~Code section 2, which securities or products are permitted to be~~
2 ~~traded on an exchange."]~~

3 SECTION 17. Section 237-27.5, Hawaii Revised Statutes, is
4 repealed.

5 [~~"§237-27.5 Air pollution control facility. (a) As used~~
6 ~~in this section, "air pollution control facility" shall mean a~~
7 ~~new identifiable treatment facility, equipment, device, or the~~
8 ~~like, which is used to abate or control atmospheric pollution or~~
9 ~~contamination by removing, reducing, or rendering less noxious~~
10 ~~air contaminants emitted into the atmosphere from a point~~
11 ~~immediately preceding the point of such removal, reduction, or~~
12 ~~rendering to the point of discharge of air, meeting emission~~
13 ~~standards as established by the department of health, excluding~~
14 ~~air conditioner, fan, or other similar facility for the comfort~~
15 ~~of persons at a place of business.~~

16 ~~(b) Any provision of law to the contrary notwithstanding,~~
17 ~~and upon receipt of the certification required by subsection~~

18 ~~(c), there shall be exempted from, and excluded from the measure~~
19 ~~of, the taxes imposed by this chapter, all of the gross proceeds~~
20 ~~arising from, and all of the amount of tangible personal~~
21 ~~property furnished in conjunction with, the construction,~~



1 ~~reconstruction, erection, operation, use, or maintenance of an~~
2 ~~air pollution control facility.~~

3 ~~(e) Application for the exemption provided by this section~~
4 ~~shall first be made with the director of health who, if~~
5 ~~satisfied that the facility meets the pollution emission~~
6 ~~criteria established by the department of health, shall certify~~
7 ~~to that fact. A new certificate shall be obtained from the~~
8 ~~director of health and filed with the director of taxation every~~
9 ~~five years certifying that the pollution control facility~~
10 ~~complies with the pollutant emission criteria established by the~~
11 ~~department of health."]~~

12 SECTION 18. Section 241-4.5, Hawaii Revised Statutes, is
13 repealed.

14 [~~"§241-4.5 Capital goods excise tax credit. The capital~~
15 ~~goods excise tax credit provided under section 235-110.7 shall~~
16 ~~be operative for this chapter after December 31, 1987; provided~~
17 ~~that the capital goods excise tax credit shall be inoperative~~
18 ~~after December 31, 2008, and before January 1, 2010."]~~

19 SECTION 19. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 20. This Act shall take effect on July 1, 3000,
2 and shall not apply to written property leases and subleases
3 entered into and air pollution control facilities certified
4 prior to, December 31, 2025.



Report Title:

Taxation; Income Tax; General Excise Tax; Use Tax

Description:

Amends and repeals certain credits, deductions, and exemptions under the income tax, general excise tax, and use tax laws. Effective 7/1/3000. (SD1)

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

