
A BILL FOR AN ACT

RELATING TO THE GENERAL EXCISE TAX.

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



- 1 action or by private agreement between the parties on
2 account of the personal injuries, death, or 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
12 that amounts received as punitive damages for tort
13 injury or breach of contract injury shall be included
14 in 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 sale of the sugar,
14 and other products manufactured from the
15 sugarcane, is included in the measure of the tax
16 levied on the manufacturer under section
17 237-13(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) Money paid by the State or eleemosynary child-placing
7 organizations to foster parents for their care of
8 children in foster homes;
9 (16) Amounts received by a cooperative housing corporation
10 from its shareholders in reimbursement of funds paid
11 by such corporation for lease rental, real property
12 taxes, and other expenses of operating and maintaining
13 the cooperative land and improvements; provided that
14 such a cooperative corporation is a corporation:
15 (A) Having one and only one class of stock
16 outstanding;
17 (B) Each of the stockholders of which is entitled
18 solely by reason of the stockholder's ownership
19 of stock in the corporation, to occupy for
20 dwelling purposes a house, or an apartment in a
21 building owned or leased by the corporation; and



1 (C) No stockholder of which is entitled (either
2 conditionally or unconditionally) to receive any
3 distribution not out of earnings and profits of
4 the corporation except in a complete or partial
5 liquidation of the corporation; [~~and~~]

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

13 (18) Amounts received by an adult residential care home
14 licensed under section 321-15.6 or expanded adult
15 residential care home licensed under 321-15.62 for
16 providing residential care services pursuant to a
17 contract with the department of health."

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 Statutory material to be repealed is bracketed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

20 SECTION 3. This Act shall take effect on January 1, 2026.

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S.B. NO. 1444
S.D. 1

Report Title:

DOH; General Excise Tax; Exemption; Adult Residential Care Homes

Description:

Authorizes general excise tax exemptions for residential care services provided by certain licensed health care facilities pursuant to a contract with the Adult Mental Health Division of the Department of Health. Effective 1/1/26. (SD1)

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