
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 23-73, Hawaii Revised Statutes, is
2 amended by amending subsection (c) to read as follows:
- 3 "(c) This section shall apply to the following:
- 4 (1) Section 237-16.5--Gross income of real property
5 lessees from sublessees;
- 6 (2) Section 237-16.8--Value or gross income of nonprofit
7 organizations from conventions, conferences, trade
8 shows, and display spaces;
- 9 (3) Section 349-10--Proceeds earned from annual senior
10 citizen's fairs;
- 11 (4) Section 237-23.5--Amounts received from common
12 payments of related entities;
- 13 (5) Section 237-24(13)--Amounts received by blind, deaf,
14 or totally disabled persons from their business;
- 15 ~~(6) Section 237-24(14)--Amounts received by independent~~
16 ~~cane farmers who are sugarcane producers;~~



1 ~~(7)~~ (6) Section [~~237-24(15)~~] 237-24(14)--Amounts received
2 by foster parents; and
3 ~~(8)~~ (7) Section [~~237-24(16)~~] 237-24(15)--Reimbursements
4 to cooperative housing corporations for operating and
5 maintenance expenses [~~7~~
6 ~~(9)~~ Section ~~237-24(17)~~ ~~Amounts received by TRICARE~~
7 ~~managed care support contractors; and~~
8 ~~(10)~~ Section ~~237-24(18)~~ ~~Amounts received by Patient-~~
9 ~~Centered Community Care program contractors]~~."

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

12 "**§237-24 Amounts not taxable.** This chapter shall not
13 apply to the following amounts:

- 14 (1) Amounts received under life insurance policies and
15 contracts paid by reason of the death of the insured;
- 16 (2) Amounts received (other than amounts paid by reason of
17 death of the insured) under life insurance, endowment,
18 or annuity contracts, either during the term or at
19 maturity or upon surrender of the contract;
- 20 (3) Amounts received under any accident insurance or
21 health insurance policy or contract or under workers'



1 compensation acts or employers' liability acts, as
2 compensation for personal injuries, death, or
3 sickness, including also the amount of any damages or
4 other compensation received, whether as a result of
5 action or by private agreement between the parties on
6 account of the personal injuries, death, or
7 sickness[-];

8 (4) The value of all property of every kind and sort
9 acquired by gift, bequest, or devise, and the value of
10 all property acquired by descent or inheritance;

11 (5) Amounts received by any person as compensatory damages
12 for any tort injury to the person, or to the person's
13 character reputation, or received as compensatory
14 damages for any tort injury to or destruction of
15 property, whether as the result of action or by
16 private agreement between the parties (provided that
17 amounts received as punitive damages for tort injury
18 or breach of contract injury shall be included in
19 gross income);

20 (6) Amounts received as salaries or wages for services
21 rendered by an employee to an employer;



- 1 (7) Amounts received as alimony and other similar payments
2 and settlements;
- 3 (8) Amounts collected by distributors as fuel taxes on
4 "liquid fuel" imposed by chapter 243, and the amounts
5 collected by such distributors as a fuel tax imposed
6 by any Act of the Congress of the United States;
- 7 (9) Taxes on liquor imposed by chapter 244D on dealers
8 holding permits under that chapter;
- 9 (10) The amounts of taxes on cigarettes and tobacco
10 products imposed by chapter 245 on wholesalers or
11 dealers holding licenses under that chapter and
12 selling the products at wholesale;
- 13 (11) Federal excise taxes imposed on articles sold at
14 retail and collected from the purchasers thereof and
15 paid to the federal government by the retailer;
- 16 (12) The amounts of federal taxes under chapter 37 of the
17 Internal Revenue Code, or similar federal taxes,
18 imposed on sugar manufactured in the State, paid by
19 the manufacturer to the federal government;
- 20 (13) An amount up to, but not in excess of, \$2,000 a year
21 of gross income received by any blind, deaf, or



1 totally disabled person engaging, or continuing, in
 2 any business, trade, activity, occupation, or calling
 3 within the State; a corporation all of whose
 4 outstanding shares are owned by an individual or
 5 individuals who are blind, deaf, or totally disabled;
 6 a general, limited, or limited liability partnership,
 7 all of whose partners are blind, deaf, or totally
 8 disabled; or a limited liability company, all of whose
 9 members are blind, deaf, or totally disabled;

10 ~~[(14) Amounts received by a producer of sugarcane from the~~
 11 ~~manufacturer to whom the producer sells the sugarcane,~~
 12 ~~where:~~

13 ~~(A) The producer is an independent cane farmer, so~~
 14 ~~classified by the Secretary of Agriculture under the~~
 15 ~~Sugar Act of 1948 (61 Stat. 922, Chapter 519) as~~
 16 ~~the Act may be amended or supplemented;~~

17 ~~(B) The value or gross proceeds of the sale of the~~
 18 ~~sugar, and other products manufactured from the~~
 19 ~~sugarcane, are included in the measure of the tax~~
 20 ~~levied on the manufacturer under section 237-~~
 21 ~~13(1) or (2);~~



1 ~~(C)~~ The producer's gross proceeds of sales are
2 dependent upon the actual value of the products
3 manufactured therefrom or the average value of
4 all similar products manufactured by the
5 manufacturer; and

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

9 ~~(15)]~~ (14) Money paid by the State or eleemosynary child-
10 placing organizations to foster parents for their care
11 of children in foster homes; and

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

19 (A) Having one and only one class of stock
20 outstanding;



1 (B) Each of the stockholders of which is entitled
 2 solely by reason of the stockholder's ownership
 3 of stock in the corporation, to occupy for
 4 dwelling purposes a house, or an apartment in a
 5 building owned or leased by the corporation; and

6 (C) No stockholder of which is entitled (either
 7 conditionally or unconditionally) to receive any
 8 distribution not out of earnings and profits of
 9 the corporation except in a complete or partial
 10 liquidation of the corporation[~~and~~

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

18 SECTION 3. Section 421H-4, Hawaii Revised Statutes, is
 19 amended by amending subsection (c) to read as follows:

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



1 (1) Cooperative housing corporations under section 216 of
2 the federal Internal Revenue Code of 1954, as amended;
3 and

4 (2) Exemption from state general excise tax under section
5 ~~[237-24(16)-]~~ 237-24(15)."

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

8 SECTION 5. This Act shall take effect on January 1, 2026.



Report Title:

GET Exemptions; Sugar Cane Growers; 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 a contractor 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 1/1/2026. (SD1)

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