

JAN 23 2025

A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 PART I

2 SECTION 1. Chapter 237, Hawaii Revised Statutes, is
3 amended by adding a new section to be appropriately designated
4 and to read as follows:

5 "§237- Exemption for diapers. (a) There shall be
6 exempted from, and excluded from the measure of, the taxes
7 imposed by this chapter all the gross proceeds or income arising
8 from the manufacture, production, packaging, and sale of diapers
9 within the State.

10 (b) As used in this section, "diaper" means an absorbent
11 garment that:

12 (1) Is washable or disposable; and

13 (2) If disposable:

14 (A) Does not use any latex or common allergens; and

15 (B) Meets or exceeds the quality standards for
16 diapers commercially available through retail
17 sale in the following categories:



1 (b) The surcharge shall be imposed on the gross proceeds
2 or gross income of all written contracts that require the
3 passing on of the taxes imposed under this chapter; provided
4 that if the gross proceeds or gross income are received as
5 payments beginning in the taxable year in which the taxes become
6 effective, on contracts entered into before June 30 of the year
7 before the taxable year in which the taxes become effective, and
8 the written contracts do not provide for the passing on of
9 increased rates of taxes, the surcharge shall not be imposed on
10 the gross proceeds or gross income covered under the written
11 contracts. The surcharge shall be imposed on the gross proceeds
12 or gross income from all contracts entered into on or after
13 June 30 of the year before the taxable year in which the taxes
14 become effective, regardless of whether the contract allows for
15 the passing on of any tax or any tax increases.

16 (c) No surcharge under this section shall be established
17 on any:

18 (1) Gross income or gross proceeds taxable under this
19 chapter at the one-half per cent tax rate;

20 (2) Gross income or gross proceeds taxable under this
21 chapter at the 0.15 per cent tax rate; or



1 (3) Transactions, amounts, persons, gross income, or gross
2 proceeds exempt from tax under this chapter.

3 (d) The director of taxation shall revise the general
4 excise tax forms to provide for the clear and separate
5 designation of the imposition and payment of the surcharge.

6 (e) All taxpayers who file on a fiscal year basis whose
7 fiscal year ends after December 31 of the year before the
8 taxable year in which the taxes become effective, shall file a
9 short period annual return for the period preceding January 1 of
10 the taxable year in which the taxes become effective. Each
11 fiscal year taxpayer shall also file a short period annual
12 return for the period starting on January 1 of the taxable year
13 in which the taxes become effective, and ending before January 1
14 of the following year.

15 (f) For the purposes of this section:

16 "Authorized emergency vehicle" has the same meaning as in
17 section 291C-1.

18 "Luxury motor vehicle" means a motor vehicle where the
19 published manufacturer's suggested retail price, at the time of
20 initial sale, is \$ or more. "Luxury motor vehicle"
21 does not include:



- 1 (1) Trucks or vans capable of carrying more than two tons;
- 2 (2) Motorhomes and campervans;
- 3 (3) Authorized emergency vehicles; and
- 4 (4) Vehicles specifically fitted for transporting
- 5 passengers with a disability.

6 "Motor vehicle" has the same meaning as in section 286-2."

7 SECTION 3. Chapter 238, Hawaii Revised Statutes, is
8 amended by adding a new section to be appropriately designated
9 and to read as follows:

10 "§238- **Luxury motor vehicles; surcharge.** (a) In
11 addition to the tax imposed by section 238-2 or any other
12 provision in this chapter, there is levied and shall be assessed
13 and collected a surcharge on the value of luxury motor vehicles
14 taxable under this chapter. Upon importation into the State,
15 regardless of whether the vehicle is new or used, the amount of
16 the surcharge shall be equal to fifty per cent of the sum of all
17 applicable taxes imposed on the value of luxury vehicles under
18 this chapter. All provisions of this chapter shall apply to the
19 surcharge. With respect to the surcharge, the director of
20 taxation shall have all the rights and powers provided under
21 this chapter.



1 (b) No surcharge under this section shall be established
2 upon any use taxable under this chapter at the one-half per cent
3 tax rate or upon any use that is not subject to taxation or that
4 is exempt from taxation under this chapter.

5 (c) The director of taxation shall revise the use tax
6 forms to provide for the clear and separate designation of the
7 imposition and payment of the surcharge.

8 (d) All taxpayers who file on a fiscal year basis whose
9 fiscal year ends after December 31 of the year before the
10 taxable year in which the taxes become effective, shall file a
11 short period annual return for the period preceding January 1 of
12 the taxable year in which the taxes become effective. Each
13 fiscal year taxpayer shall also file a short period annual
14 return for the period starting on January 1 of the taxable year
15 in which the taxes become effective, and ending before January 1
16 of the following year.

17 (e) For the purposes of this section:

18 "Authorized emergency vehicle" has the same meaning as in
19 section 291C-1.

20 "Luxury motor vehicle" means a motor vehicle where the
21 published manufacturer's suggested retail price, at the time of



1 initial sale, is \$ _____ or more. "Luxury motor vehicle"

2 does not include:

3 (1) Trucks or vans capable of carrying more than two tons;

4 (2) Motorhomes and campervans;

5 (3) Authorized emergency vehicles; and

6 (4) Vehicles specifically fitted out for transporting

7 passengers with a disability.

8 "Motor vehicle" has the same meaning as in section 286-2."

9 SECTION 4. Section 286-41, Hawaii Revised Statutes, is
10 amended by amending subsection (d) to read as follows:

11 "(d) The owner of every motor vehicle of the current,
12 previous, and subsequent year model bought out-of-state,
13 subsequently brought into the State, and subject to the use tax
14 under chapter 238 shall provide with the application for
15 registration proof of payment of the use tax, including all
16 surcharges applicable under chapter 238, pursuant to
17 requirements established by the department of taxation. No
18 registration certificate shall be issued without proof of
19 payment of the use tax."

20 PART III



1 SECTION 5. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 6. This Act shall take effect on July 1, 2025;
4 provided that part II shall take effect on January 1, 2026.

5

INTRODUCED BY: *Samatha D. Dyer*



S.B. NO. 1534

Report Title:

General Excise Tax; Exemption; Diapers; Luxury Car Surcharge;
Use Tax

Description:

Establishes a general excise tax exemption for the gross proceeds or income from the manufacture, production, packaging, and sale of diapers. Establishes a surcharge on the general excise tax and use tax for the sale or use of luxury cars.

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