

JAN 21 2026

A BILL FOR AN ACT

RELATING TO A GENERAL EXCISE TAX EXEMPTION FOR AIRCRAFT
MAINTENANCE.

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

1 SECTION 1. The legislature finds that many states,
2 including Arizona, California, Colorado, Connecticut, Florida,
3 Georgia, Iowa, Kansas, Massachusetts, Minnesota, New York, North
4 Carolina, Ohio, Pennsylvania, Texas, and Wisconsin, explicitly
5 exempt aircraft parts from their sales tax if sold to a
6 federally licensed air carrier. In Hawaii, there is an
7 exemption in the general excise tax law for aircraft servicing
8 and maintenance. However, the Hawaii Intermediate Court of
9 Appeals has recently decided that the exemption language does
10 not exempt from the general excise tax the sale of parts to an
11 aircraft carrier, even though the complementary use tax law
12 explicitly exempts from the use tax imports of these parts from
13 an out-of-state seller. To correct this imbalance, recognize
14 the critical importance of the airline industry to the State,
15 and ensure competitiveness with other states, including those
16 listed above, in attracting and maintaining aircraft maintenance



1 jobs and facilities, the purpose of this Act is to provide a
2 general excise tax exemption for the sale of material, parts, or
3 tools that are used for aircraft service and maintenance or for
4 the construction of an aircraft service and maintenance
5 facility.

6 SECTION 2. Section 237-24.9, Hawaii Revised Statutes, is
7 amended by amending its title and subsection (a) to read as
8 follows:

9 "**§237-24.9 Aircraft service, [and] maintenance**
10 **facility[-], and sale of related materials.** (a) This chapter
11 shall not apply to amounts received from the servicing and
12 maintenance of aircraft [~~or~~], from the construction of an
13 aircraft service and maintenance facility in the State[-], or
14 from the sale of material, parts, or tools to a licensed
15 aircraft carrier if they are purchased for aircraft service and
16 maintenance or for the construction of an aircraft service and
17 maintenance facility."

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 Statutory material to be repealed is bracketed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

20 SECTION 4. This Act shall take effect on July 1, 2026.



S.B. NO. 2399

INTRODUCED BY: *Maricela J. Jorjane*



S.B. NO. 2399

Report Title:

Taxation; General Excise Tax; Aircraft Service and Maintenance

Description:

Provides a general excise tax exemption for the sale of material, parts, or tools used for aircraft service and maintenance or for the construction of an aircraft service and maintenance facility.

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