
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 an air
6 carrier. In Hawaii, there is an exemption in the general excise
7 tax law for aircraft servicing and maintenance. However, the
8 Hawaii Intermediate Court of Appeals has recently decided that
9 the exemption language does not exempt from the general excise
10 tax the sale of parts to an air carrier, even though the
11 complementary use tax law explicitly exempts from the use tax
12 imports of these parts from an out-of-state seller.

13 To correct this imbalance, recognize the critical
14 importance of the airline industry to the State, and ensure
15 competitiveness with other states in attracting and maintaining
16 aircraft maintenance jobs and facilities, the purpose of this



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

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

8 **"§237-24.9 Aircraft service [~~and~~], maintenance**
9 **facility[-], and sale of related materials.** (a) This chapter
10 shall not apply to amounts received from the servicing and
11 maintenance of aircraft [~~or~~], from the construction of an
12 aircraft service and maintenance facility in the State[-], or
13 from the sale of material, parts, or tools to an air carrier, as
14 defined by the Federal Aviation Act of 1958, if they are
15 purchased for aircraft service and maintenance or for the
16 construction of an aircraft service and maintenance facility."

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 Statutory material to be repealed is bracketed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

19 SECTION 4. This Act shall take effect on January 1, 2027.



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. Effective 1/1/2027. (SD1)

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