

STAND. COM. REP. NO. 2844

Honolulu, Hawaii

MAR 05 2026

RE: S.B. No. 2399  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Third State Legislature  
Regular Session of 2026  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2399, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO A GENERAL EXCISE TAX EXEMPTION FOR AIRCRAFT MAINTENANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the general excise tax law.

More specifically, this measure provides a general excise tax exemption for the sale of materials, parts, or tools that are used for aircraft service and maintenance or for the construction of an aircraft service and maintenance facility.

Your Committee received written comments in support of this measure from Alaska Airlines and Hawaiian Airlines, and from Chamber of Commerce Hawaii.

Your Committee received written comments on this measure from the Department of Taxation.

Your Committee finds that many states explicitly exempt aircraft parts from their sales tax if the parts are sold to a federally licensed air carrier. Your Committee also finds that Hawaii law provides a general excise tax exemption for aircraft servicing and maintenance. However, your Committee recognizes



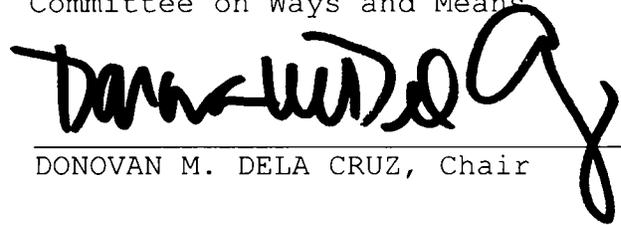
that the Hawaii Intermediate Court of Appeals recently held that the exemption language does not exempt from the general excise tax the sale of parts to an air carrier, even though the complementary use tax law explicitly exempts from the use tax imports of these parts from an out-of-state seller.

This measure addresses that gap in the exemption language.

Your Committee has amended this measure by changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2399, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2399, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means

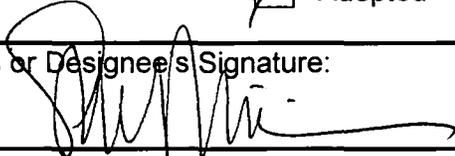


DONOVAN M. DELA CRUZ, Chair



The Senate  
Thirty-Third Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2399, SD1	TRS, WAM	3/3/2020		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
DECOITE, Lynn	X			
ELEFANTE, Brandon J.C.	X			
HASHIMOTO, Troy N.	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
RICHARDS, III, Herbert M. "Tim"	X			
WAKAI, Glenn	X			
FEVELLA, Kurt				X
<b>TOTAL</b>	12	0	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink		
File with Committee Report	Committee	Drafting Agency		

\*Only one measure per Record of Votes