

ACT 297

H. B. 524.

A Bill for an Act Relating to Certain Amounts Not Taxable Under the General Excise Tax Law and Amending Chapter 117 of the Revised Laws of Hawaii 1955.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Purpose. The purpose of this Act is to ensure uniform, equitable and unambiguous application and enforcement of those provisions of chapter 117 relating to monies received as reimbursements for costs and advances.

SECTION 2. Section 117-17.1, Revised Laws of Hawaii 1955, as amended, is hereby further amended by amending the last sentence to read as follows:

“The reimbursement of costs or advances made for or on behalf of one person by another shall not constitute gross income of the latter, unless the

person receiving such reimbursement also receives additional monetary consideration for making such costs or advances.”

SECTION 3. Subsection (p) of 117-21, Revised Laws of Hawaii 1955, is hereby amended to read as follows:

“(p) Amounts received by a cooperative housing corporation from its shareholders in reimbursement of funds paid by such corporation for the expenses of operating and maintaining the cooperative land and improvements, provided that if any shareholder shall fail to report and pay the taxes assessable on any amounts received by virtue of stock ownership in a cooperative housing corporation, the provisions of this chapter shall apply to all reimbursed amounts received by such corporation, and provided, further, that such a cooperative housing corporation is a corporation:

(1) having one and only one class of stock outstanding.

(2) each of the stockholders of which is entitled solely by reason of his ownership of stock in the corporation, to occupy for dwelling purposes a house, or an apartment in a building owned or leased by the corporation.

(3) no stockholder of which is entitled (either conditionally or unconditionally) to receive any distribution not out of earnings and profits of the corporation except in a complete or partial liquidation of the corporation.”

SECTION 4. Section 117-21, Revised Laws of Hawaii 1955, as amended, is hereby further amended by adding a new subsection (s) to read as follows:

“(s) Amounts received by the manager or board of directors of an association of apartment owners of a horizontal property regime established in accordance with chapter 170A in reimbursement of sums paid for common expenses.”

SECTION 5. This Act shall take effect upon its approval.

(Approved June 12, 1967.)