

ACT 59

H. B. 405.

A Bill for an Act Relating to the Public Service Company Tax Law.

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

SECTION 1. This Act is hereby declared to be an urgency measure deemed necessary in the public interest within the meaning of section 11 of Article III of the Constitution of the State of Hawaii.

The following is a statement of the facts constituting such urgency:

Presently the common carrier by water is assessed a tax of not less than 5.885% of its gross income under section 126-5, Revised Laws of Hawaii 1955, the imposition of which tax is in lieu of the general excise tax and is also a means of taxing the real property owned by the common carrier by

water or leased to it by a lease under which it is required to pay the taxes upon the property. While under section 126-5.1 of the Revised Laws of Hawaii 1955, as amended, the airline, motor carrier and contract carrier other than a motor carrier, is each assessed a tax of 4% of its gross income which is in lieu of the general excise tax but not in lieu of tax on real property, the common carrier by water, which utilizes pier areas owned by the State in much the same manner as the airline utilizes State owned airport facilities, is not accorded the same treatment. It is essential to accord the common carrier by water similar treatment as the airline under section 126-5.1 so that the commodity rates charged by the common carrier by water are not unjustly inflated by this tax inequity to the prejudice of the consumers and the economic development of the State.

SECTION 2. The first sentence of subparagraph (a) of section 126-5, Revised Laws of Hawaii 1955, as amended, is amended to read as follows:

“(a) There shall be levied and assessed upon each public utility, except airlines, motor carriers, common carriers by water, and contract carriers taxed by section 126-5.1, a tax of such rate per cent of its gross income each year from its public utility business as shall be determined in the manner hereinafter provided.”

SECTION 3. The first sentence of section 126-5.1 is amended to read as follows:

“There shall be levied and assessed upon each airline, each motor carrier, each common carrier by water, and each contract carrier other than a motor carrier, a tax of four per cent of its gross income each year from such airline, motor carrier, common carrier by water, or contract carrier business.”

SECTION 4. This Act, upon its approval, shall take effect as of January 1, 1969.

(Approved May 9, 1968.)