

**ACT 303**

**S.B. NO. 239**

**A Bill for an Act Relating to Taxation.**

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

SECTION 1. Section 237-20, Hawaii Revised Statutes, is amended to read as follows:

**“§237-20 Principles applicable in certain situations.** A person or company having shareholders or members (a corporation, association, group, trust, partnership, joint adventure, or other person) is taxable upon its business with them, and they are taxable upon their business with it. A person or company, whether or not called a cooperative, through which shareholders or members are pursuing a common objective (for example, the obtaining of property or services for their individual businesses or use, or the marketing of their individual products) is a taxable person, and such facts do not give rise to any tax exemption or tax benefit except as specifically provided. Even though a business has some of the aspects of agency it shall not be so regarded unless it is a true agency. 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]. Where the person receiving such reimbursement also receives additional monetary consideration for making such costs or advances[.] such additional consideration shall constitute gross income.

Funds paid by a customer or the customer's agent to a travel agent or tour packager for tickets or reservations for a particular tour or package of travel services or accommodations, or both, which are not transmitted to the persons or entities who are to furnish the tour or package of travel services or accommodations shall be presumed not to be part of the gross proceeds or gross income received or accrued by such persons or entities. This presumption may be rebutted by showing an agreement to the contrary.”

SECTION 2. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 3. This Act, upon its approval, shall apply to payments of general excise taxes under chapter 237, Hawaii Revised Statutes, after June 30, 1985.

(Approved June 12, 1985.)