

ACT 27

S.B. NO. 2289

A Bill for an Act Relating to Prepaid Telephone Calling Service.

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

SECTION 1. Chapter 237, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§237- Sales of telecommunications services through prepaid telephone calling service. (a) For the purposes of this section, “prepaid telephone calling service” means the right to exclusively purchase telecommunication services, paid for in advance, that enables the origination of calls using an access number or authorization code, whether manually or electronically dialed.

(b) If the sale or recharge of a prepaid telephone calling service does not take place at the vendor’s place of business, it shall be conclusively determined to take place at the customer’s shipping address; or if there is no item shipped, then it shall be the customer’s billing address.

(c) When a person licensed under this chapter sells prepaid telephone calling services to a licensed retail merchant, jobber, or other licensed seller for purposes of resale, the person shall be taxed as a wholesaler selling tangible personal property. All other sales of prepaid telephone calling services shall be taxed as retail sales of tangible personal property.

(d) For purposes of prepaid telephone calling services only, all such services shall be taxed under this section and shall be in lieu of taxation under chapter 239.’’

SECTION 2. Section 238-1, Hawaii Revised Statutes, is amended by amending the definition of ‘‘property’’ to read as follows:

‘‘‘‘Property’’ means tangible personal property[,] and prepaid telephone calling services but does not include newspapers or other periodical publications purchased on the subscription plan, issued at stated intervals as frequently as four times a year, and of the class admitted to the United States mails as second class matter under the laws and regulations governing the postal service on January 1, 1965.’’

SECTION 3. Statutory material to be repealed is bracketed. New statutory material is underscored.¹

SECTION 4. This Act shall take effect on September 1, 2000; provided that section 1 of this Act shall apply to gross income and gross proceeds after August 31, 2000, and section 2 of this Act shall apply to all taxes accruing after August 31, 2000.

(Approved April 20, 2000.)

Note

1. Edited pursuant to HRS §23G-16.5.