

ACT 236

S.B. NO. 2885

A Bill for an Act Relating To Taxation.

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- Segregation of gross income, etc., on records and in returns of telecommunications businesses. (a) Notwithstanding section 237-14, any person engaged in the business of selling interstate or foreign common carrier telecommunications services taxable under section 237-13(6)(D), or any public utility defined in section 269-1 having gross income from the conveyance or transmission of telephone or telegraph messages, or from the furnishing of facilities for the transmission

of intelligence by electricity, may reasonably segregate in the person's returns, based on its books and records that are kept in the normal course of business:

- (1) The parts of its gross income, gross proceeds of sales, and value of products subject to taxation under this chapter from the parts subject to taxation under chapter 239; and
- (2) The parts of its gross income, gross proceeds of sales, and value of products subject to taxation under one provision of chapter 237 from the parts subject to taxation under any other provision of chapter 237.

(b) The segregation shall be deemed valid so long as the method of segregation does not conflict with rules subsequently adopted by the department pursuant to this section."

SECTION 2. Chapter 239, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§239- Segregation of gross income, etc., on records and in returns of telecommunications businesses. (a) Notwithstanding section 239-4, any person engaged in the business of selling interstate or foreign common carrier telecommunications services taxable under section 237-13(6)(D), or any public utility defined in section 269-1 having gross income from the conveyance or transmission of telephone or telegraph messages, or from the furnishing of facilities for the transmission of intelligence by electricity, may reasonably segregate in the person's returns, based on its books and records that are kept in the normal course of business:

- (1) The parts of its gross income, gross proceeds of sales, and value of products subject to taxation under this chapter from the parts subject to taxation under chapter 237; and
- (2) The parts of its gross income, gross proceeds of sales, and value of products subject to taxation under one provision of chapter 239 from the parts subject to taxation under any other provision of chapter 239.

(b) The segregation shall be deemed valid so long as the method of segregation does not conflict with rules subsequently adopted by the department pursuant to this section."

SECTION 3. New statutory material is underscored.¹

SECTION 4. This Act shall apply to gross income, gross proceeds of sales, and value of products after July 1, 2002.

(Approved June 28, 2002.)

Note

1. Edited pursuant to HRS §23G-16.5.