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July 5, 2007

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2007-16

RE: Act 239, Session Laws of Hawaii 2007, Relating to General Excise Tax.

On July 2, 2007, Governor Linda Lingle signed into law House Bill 1719 HD 1, SD 1, CD 1, as Act 239.

Act 239 amends Section 237-24.3, Hawaii Revised Statutes (HRS), by extending the existing exemption for amounts received by certain apartment of association owners in reimbursement for common expenses to submanagers. Act 239 also amends HRS § 237-24.7 by extending the existing exemption for amounts received by a hotel operator from the owner of a hotel in amounts equal to disbursed employee expenses for employee costs to timeshare associations and hotel suboperators. Act 239 defines the terms "suboperator" and "timeshare association."

Act 239 takes effect on January 1, 2008; however the Act repeals on December 31, 2009. Upon repeal, HRS §§ 237-24.3 and 237-24.7 will be reenacted in the form in which they read on December 31, 2007.

For more information on Act 239, please contact the Rules Office at 808-587-1577.

KURT KAWAFUCHI
Director of Taxation