NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR

FREDERICK D. PABLO
DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

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DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2012-09

RE: Act 219, Session Laws of Hawaii 2012, Relating to Taxation

On July 5, 2012, Governor Neil Abercrombie signed into law Senate Bill 2238, S.D. 1, H.D. 2, C.D. 1 as Act 219, Session Laws of Hawaii 2012.

Act 219 mandates that "nonprofit organizations" be given written notice of noncompliance with § 237-9.3, Hawaii Revised Statutes ("HRS"). Upon receipt of such notice, the "nonprofit organization" has 90 days to become compliant before the denial of general excise tax benefits. Act 219 is effective July 1, 2012.

Act 219 also limits the liability under § 237-41.5, HRS, of any officer, manager, or other person having control or supervision over amounts of gross proceeds or gross income collected to pay the general excise tax and held in trust under subsection (a), or who is charged with the responsibility for the filing of returns or the payment of general excise tax on gross income or gross proceeds collected and held in trust under subsection (a) for a nonprofit organization.

For the purpose of §§ 237-9.3 and 237-41.5, HRS, "nonprofit organization" is defined as "a corporate entity, association, or other duly chartered entity that is registered with the State and has received a written determination from the Internal Revenue Service that it is exempt under section 501(c)(3), section 501(c)(4), section 501(c)(8), or so much of section 501(c)(2) as applied to title holding entities that turn over their income to organizations that are exempt under section 501(c)(3), section 501(c)(4), or section 501(c)(8) of the Internal Revenue Code."

For more information on this issue, please contact the Rules Office at 808-587-1577 or by e-mail at Tax.Rules.Office@hawaii.gov.

Frederick D Pablo

FREDERICK D. PABLO
Director of Taxation