NEIL ABERCROMBIE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR

FREDERICK D. PABLO
DIRECTOR OF TAXATION

JOSHUA WISCH
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

August 1, 2013

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2013-11

RE: Act 52, Session Laws of Hawaii 2013, Relating to Denial of General Excise Tax Benefits

On April 25, 2013, Governor Neil Abercrombie signed into law Senate Bill 1185, S.D. 1, as Act 52, Session Laws of Hawaii 2013 (Act 52). Act 52 is effective July 1, 2013.

Act 219, Session Laws of Hawaii 2012 (Act 219), provides for 90 days notice before General Excise Tax (GET) benefits may be denied under §237-9.3, Hawaii Revised Statutes (HRS) for a "nonprofit organization". Act 219 also provides an exemption from personal liability under HRS §237-41.5 for any officer, member, manager, or other person having control or supervision over gross proceeds of a "nonprofit organization". Act 219 basically defined "nonprofit organization" as an entity who received tax exempt status under certain specified paragraphs of Internal Revenue Code (IRC) §501(c).

Act 52 amends HRS §§237-9.3(e) and 237-41.5(b), to define "nonprofit organization" as "a corporate entity, association, or other duly chartered entity that is registered with the State and is exempt from the application of [HRS Chapter 237] pursuant to section 237-23(a)(3), (4), (5), (6), or (7)." HRS §237-23 expressly states the types of entities which are exempt from GET. Act 52 amends the definition of "nonprofit organization" to be consistent with HRS §237-23 by removing the references to IRC §501(c).

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
Director of Taxation