



GOV. MSG. NO. **931**

EXECUTIVE CHAMBERS  
HONOLULU

LINDA LINGLE  
GOVERNOR

June 13, 2007

The Honorable Colleen Hanabusa, President  
and Members of the Senate  
Twenty-Fourth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

This is to inform you that on June 13, 2007, the following bill was signed into law:

SB678 SD1 HD1 CD1

A BILL FOR AN ACT RELATING TO GENERAL  
EXCISE TAX.  
(ACT 173)

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Aiona, Jr.", written over a white background.

JAMES R. AIONA, JR.  
Acting Governor

Approved by the Governor

on JUN 13 2007

THE SENATE  
TWENTY-FOURTH LEGISLATURE, 2007  
STATE OF HAWAII

**ACT 173**

**S.B. NO.** 678  
S.D. 1  
H.D. 1  
C.D. 1

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# A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAX.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that SMG is the operator  
2 under contract with the Hawaii tourism authority to operate the  
3 Hawaii convention center. As such, the operator is paid only  
4 \$500,000 to operate and market the Hawaii convention center but  
5 recently received \$16,000,000 in advances for the costs of  
6 operating and marketing the Hawaii convention center. The  
7 department of taxation considers the reimbursement of the  
8 \$16,000,000 in costs and advances to the operator as gross  
9 income on which the general excise tax is to be levied, in the  
10 amount of \$700,000, because the operator receives additional  
11 monetary consideration in the form of the \$500,000 payment. In  
12 effect, this means that \$700,000 of the costs and advances  
13 cannot be used for operating and marketing the Hawaii convention  
14 center. However, pursuant to section 201B-8(b), Hawaii Revised  
15 Statutes, the costs and advances for the operation and marketing  
16 of the Hawaii convention center is an obligation of the  
17 convention center enterprise special fund and not compensation  
18 for personal services to the operator.

2007-3050 SB678 CD1 SMA.doc



1 Accordingly, the purpose of this Act is to exempt from the  
2 general excise tax, amounts received by the operator of the  
3 Hawaii convention center for reimbursement of costs or advances  
4 made pursuant to contract with the Hawaii tourism authority.

5 SECTION 2. Section 237-24.75, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 " ~~[+]~~ §237-24.75 ~~[+]~~ **Additional exemptions.** In addition to  
8 the amounts exempt under section 237-24, this chapter shall not  
9 apply to ~~[amounts]~~:

- 10 (1) Amounts received as a beverage container deposit  
11 collected under chapter 342G, part VIII ~~[+]~~; and  
12 (2) Amounts received by the operator of the Hawaii  
13 convention center for reimbursement of costs or  
14 advances made pursuant to a contract with the Hawaii  
15 tourism authority under section 201B-7."

16 SECTION 3. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

18 SECTION 4. This Act shall take effect upon its approval,  
19 and shall apply to gross income or gross proceeds received after  
20 the effective date of this Act.



S.B. NO. 678  
S.D. 1  
H.D. 1  
C.D. 1



JAMES R. AIONA, JR.

*ACTING*

GOVERNOR OF THE STATE OF HAWAII

Approved this day: JUN 13 2007