

1 I,....., chief election officer (county
 2 clerk) of Hawaii (county), do hereby certify that
 3 was on the day of [19]
 4 20....., duly elected a (name of office) for the
 5 district for a term expiring on the
 6 day of, A.D. [19] 20.....

7 Witness my hand this day of,
 8 A.D. [19] 20.....

9
 10 Chief Election Officer (County Clerk)

11
 12 The certificate of results shall be substantially in the
 13 following form:

14
 15 **CERTIFICATE OF RESULTS**

16
 17 I,, chief election officer
 18 (county clerk) of Hawaii (county), do hereby certify that
 19 (question) was on the day of
 20 [19] 20....., duly adopted (rejected) by a
 21 majority of the votes cast.

22



1 Chief Election Officer (County Clerk)

2

3 If there is an election contest these certificates shall be
4 delivered only after a final determination in the contest has
5 been made and the time for an appeal has expired."

6 SECTION 2. Section 11-157, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "**§11-157 In case of tie.** In case of the failure of an
9 election by reason of the equality of vote between two or more
10 candidates, the tie shall be decided by the chief election
11 officer or county clerk in the case of county elections in
12 accordance with the following procedure:

13 (1) In the case of an election involving a seat for the
14 senate, house of representatives, or county council
15 where only voters within a specified district are
16 allowed to cast a vote, the winner shall be declared
17 as follows:

18 (A) For each precinct in the affected district, an
19 election rate point shall be calculated by
20 dividing the total voter turnout in that precinct
21 by the total voter turnout in the district. For
22 the purpose of this subparagraph, the absentee



1 votes cast for the affected district shall be
2 treated as a precinct. The election rate point
3 shall be calculated by dividing the total
4 absentee votes cast for the affected district by
5 the total voter turnout in that district. All
6 election rate points shall be expressed as
7 decimal fractions rounded to the nearest hundred
8 thousandth;

9 (B) The candidate with the highest number of votes in
10 a precinct shall be allocated the election rate
11 point calculated under subparagraph (A) for that
12 precinct. In the event that two or more persons
13 are tied in receiving the highest number of votes
14 for that precinct, the election rate point shall
15 be equally apportioned among those candidates
16 involved in that precinct tie;

17 (C) After the election rate points calculated under
18 subparagraph (A) for all the precincts have been
19 allocated as provided under subparagraph (B), the
20 election rate points allocated to each candidate
21 shall be tallied and the candidate with the



1 highest election rate point total shall be
2 declared the winner; and
3 (D) If there is a tie between two or more candidates
4 in the election rate point total, the candidate
5 who is allocated the highest election rate points
6 from the precinct with the largest voter turnout
7 shall be declared the winner;

8 (2) In the case of an election involving a federal office
9 or an elective office where the voters in the entire
10 State or in an entire county are allowed to cast a
11 vote, the winner shall be declared as follows:

12 (A) For each representative district in the State or
13 county, as the case may be, an election rate
14 point shall be calculated by dividing the total
15 voter turnout in that representative district by
16 the total voter turnout in the state, county, or
17 federal office district, as the case may be;
18 provided that for purposes of this subparagraph:

19 (i) The absentee votes cast for a statewide,
20 countywide, or federal office shall be
21 treated as a separate representative
22 district and the election rate point shall



1 be calculated by dividing the total absentee
2 votes cast for the statewide, countywide, or
3 federal office by the total voter turnout in
4 the state, county, or federal office
5 district, as the case may be; and

6 (ii) The overseas votes cast for any election in
7 the State for a federal office shall be
8 treated as a separate representative
9 district and the election rate point shall
10 be calculated by dividing the total number
11 of overseas votes cast for the affected
12 federal office by the total voter turnout in
13 the affected federal office district. The
14 term "overseas votes" means those votes cast
15 by absentee ballots for a presidential
16 election as provided in section 15-3.

17 All election rate points shall be expressed as
18 decimal fractions rounded to the nearest hundred
19 thousandth;

20 (B) The candidate with the highest number of votes in
21 a representative district shall be allocated the
22 election rate point calculated under subparagraph



1 (A) for that district. In the event that two or
2 more persons are tied in receiving the highest
3 number of votes for that district, the election
4 rate point shall be equally apportioned among
5 those candidates involved in that district tie;

6 (C) After the election rate points calculated under
7 subparagraph (A) for all the precincts have been
8 allocated as prescribed under subparagraph (B),
9 the election rate points allocated to each
10 candidate shall be tallied and the candidate with
11 the highest election rate point total shall be
12 declared the winner; and

13 (D) If there is a tie between two or more candidates
14 in the election rate point total, the candidate
15 who is allocated the highest election rate points
16 from the representative district with the largest
17 voter turnout shall be declared the winner."

18 SECTION 3. Section 12-8, Hawaii Revised Statutes, is
19 amended by amending subsection (f) to read as follows:

20 "(f) If a political party objects to the nomination paper
21 filed by a candidate because the candidate is not a member of
22 the party pursuant to the party's rules filed in conformance



1 with section 11-63, an officer of the party whose name appears
2 on file with the chief election officer shall file a complaint
3 in the circuit court for a prompt determination of the
4 objection; provided that the complaint shall be filed with the
5 clerk of the circuit court not later than 4:30 p.m. on the
6 sixtieth [working] day or the next earliest working day prior to
7 that election day."

8 SECTION 4. Section 121-15, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "**§121-15 Commissioned and warrant officers; transfer to**
11 **inactive list, retirement, separation.** Officers may be
12 transferred to the inactive or retired lists, or separated from
13 the service as follows:

14 (1) An officer may be honorably discharged by reason of
15 resignation, removal of residence from the State,
16 failure to meet or maintain the requirements for
17 federal recognition, or acceptance of an incompatible
18 office.

19 (2) An officer who is eligible to be placed on the retired
20 list under federal law, or who has completed the years
21 of service required for retirement under chapter [67]
22 1223 of Title 10, United States Code, may at the



1 officer's request be discharged, or with the approval
2 of the governor be placed on the retired list.

3 (3) Any commissioned officer who has served in the same
4 grade in the military service of the State for a
5 continuous period of not less than ten years, upon the
6 commissioned officer's own request, may be honorably
7 discharged or placed on the retired list.

8 (4) Any officer who is rendered surplus by the disbandment
9 of the officer's unit, or who changes the officer's
10 residence within the State and is unable to serve with
11 the unit to which the officer was assigned, shall be
12 absorbed in another unit of the army or air national
13 guard, or if there be no such other available unit the
14 officer shall be transferred to an inactive status as
15 authorized by the secretary of the army or of the air
16 force, and may be ordered to perform appropriate
17 duties.

18 (5) At any time the moral character, capacity, and general
19 fitness for the service of any officer may be
20 investigated and determined by an efficiency board of
21 three commissioned or warrant officers, senior in rank
22 to the officer if possible, to be appointed by the



1 governor. The investigation shall be thorough and
2 impartial, and may include misconduct in civil life
3 for which the officer is not amenable to trial by
4 court-martial. If the findings are unfavorable to the
5 officer and are approved by the governor, the officer
6 shall be discharged.

7 (6) At any time the physical fitness for the service of
8 any officer, upon order of the governor, may be
9 investigated and determined by a board of not less
10 than three commissioned officers, not less than two of
11 whom shall be medical officers. If the board reports
12 the officer to be physically unable to perform the
13 duties of the officer's office, and the report is
14 approved by the governor, the officer may be
15 discharged or placed on the retired list.

16 (7) Any officer who is under sentence of imprisonment by a
17 civil court for any offense involving moral turpitude,
18 whether suspended or not, or who has been absent
19 without leave for three months, or who refuses or
20 neglects to report before the board provided in
21 paragraph (5) or (6) within a period of three months
22 from the time the officer is ordered to report before



1 the board may be discharged with the approval of the
2 governor.

3 (8) Upon the approval by the governor of a sentence of
4 dismissal rendered by a court-martial, the officer
5 shall be dismissed."

6 SECTION 5. Section 128D-1, Hawaii Revised Statutes, is
7 amended by amending the definition of "national contingency
8 plan" to read as follows:

9 "National contingency plan" means the national contingency
10 plan published under section [~~311(e)~~] 311(d) of the Clean Water
11 Act or revised pursuant to section 105 of CERCLA."

12 SECTION 6. Section 142-61, Hawaii Revised Statutes, is
13 amended by amending subsection (d) to read as follows:

14 "(d) Whenever fences are built on any boundary, or within
15 the exterior boundaries of any privately owned land or lot, or
16 within the exterior boundaries of any leased public land or lot,
17 to keep animals confined to certain areas or to keep farms
18 protected against the trespass of animals, except on the
19 boundary of any government road, it shall be lawful to have
20 fence wire electrically charged, provided such wire is fastened
21 to insulators supported on posts, and provided also that the
22 charge supplied shall be through an approved electric fence



1 controller which shall be labeled or listed as conforming to the
2 standards of either the [~~National Bureau of Standards,~~] National
3 Institute of Standards and Technology, the Underwriters
4 Laboratories, Inc., or any other similar institutions of
5 recognized standing, and provided that an electric fence
6 controller intended for use in the State shall bear a recognized
7 commercial trade name and the name of the selling agency of
8 same."

9 SECTION 7. Section 144-4, Hawaii Revised Statutes, is
10 amended by amending subsection (a) to read as follows:

11 "(a) Any commercial feed, other than custom-mixed or toll-
12 milled feed, distributed in this State or imported shall be
13 accompanied by a legible label bearing the following
14 information:

- 15 (1) The net weight.
- 16 (2) The product name or brand name under which the
17 commercial feed is distributed.
- 18 (3) The guaranteed analysis stated in such terms as the
19 department by rule determines is required to advise
20 the user of the composition of the commercial feed or
21 to support claims made in the labeling. In all cases
22 the substances or elements must be determinable by



1 laboratory methods published by the [~~Association of~~
2 ~~Official Analytical Chemists~~] AOAC International.

3 (4) The common or official name of each ingredient used in
4 the manufacture of the commercial feed, except as the
5 department may, by rule, permit the use of a
6 collective term for a group of ingredients all of
7 which perform the same function.

8 (5) The name and principal address of the person
9 responsible for distributing the commercial feed.

10 (6) Adequate directions for use for all commercial feeds
11 containing drugs and for such other commercial feeds
12 as the department may require by rule as necessary for
13 their safe and effective use.

14 (7) Such precautionary statements as the department by
15 rule determines are necessary for the safe and
16 effective use of the commercial feed."

17 SECTION 8. Section 144-9, Hawaii Revised Statutes, is
18 amended by amending subsection (e) to read as follows:

19 "(e) Sampling and analysis shall be conducted in
20 accordance with methods published by the [~~Association of~~
21 ~~Official Analytical Chemists~~] AOAC International or in
22 accordance with other generally recognized methods."



1 SECTION 9. Section 235-2.4, Hawaii Revised Statutes, is
2 amended by amending subsection (i) to read as follows:

3 "(i) Section 164 (with respect to taxes) of the Internal
4 Revenue Code shall be operative for the purposes of this
5 chapter, except that:

6 (1) Sections 164(a)(6) [~~164(b)(5)~~], and 164(b)(6) shall
7 not be operative for the purposes of this chapter; and

8 (2) The deductions under sections 164(a)(3) and 164(b)(5)
9 shall not be operative for corporate taxpayers and
10 shall be operative only for the following individual
11 taxpayers:

12 (A) A taxpayer filing a single return or a married
13 person filing separately with a federal adjusted
14 gross income of less than \$100,000;

15 (B) A taxpayer filing as a head of household with a
16 federal adjusted gross income of less than
17 \$150,000; and

18 (C) A taxpayer filing a joint return or as a
19 surviving spouse with a federal adjusted gross
20 income of less than \$200,000."



1 SECTION 10. Chapter 431, Hawaii Revised Statutes, is
2 amended by amending the title of part VIII of article 10D to
3 read as follows:

4 " ~~[+]Part VIII.[+]~~ Use of Senior-Specific
5 ~~[+]Certifications[+]~~ and Professional Designations"

6 SECTION 11. Section 432E-5, Hawaii Revised Statutes, is
7 amended by amending subsection (d) to read as follows:

8 "(d) A health carrier shall send notice of its final
9 internal determination within sixty days of the submission of
10 the complaint to the enrollee, the enrollee's appointed
11 representative, if applicable, the enrollee's treating provider,
12 and the commissioner. The notice shall include the following
13 information regarding the enrollee's rights and procedures:

- 14 (1) The enrollee's right to request an external review;
15 (2) The one hundred thirty day deadline for requesting an
16 external review;
17 (3) Instructions on how to request an external review; and
18 (4) Where to submit the request for an external review.

19 In addition to these general requirements, the notice shall
20 conform to the requirements of ~~[section 432E-35.]~~ sections 432E-
21 35 and 432E-36."



1 SECTION 12. Section 432E-35, Hawaii Revised Statutes, is
2 amended by amending subsections (d) and (e) to read as follows:
3 "(d) If the commissioner determines that an enrollee is
4 eligible for expedited external review even though the enrollee
5 has not exhausted the health carrier's internal review process,
6 the health carrier shall not be required to proceed with its
7 internal review process. The health carrier may elect to
8 proceed with its internal review process even though the request
9 is determined by the commissioner to be eligible for expedited
10 external review; provided that the internal review process shall
11 not delay or terminate an expedited external review unless the
12 health carrier decides to reverse its adverse determination and
13 provide coverage or payment for the health care service that is
14 the subject of the adverse determination. Immediately after
15 making a decision to reverse its adverse determination, the
16 health carrier shall notify the enrollee, the enrollee's
17 authorized representative, the independent review organization
18 assigned pursuant to subsection [~~(e)~~] (e), and the commissioner
19 [~~(+)~~]in writing~~(+)~~ of its decision. The assigned independent
20 review organization shall terminate the expedited external
21 review upon receipt of notice from the health carrier pursuant
22 to this subsection.



1 (e) Upon receipt of the notice pursuant to subsection
2 [~~a~~] (b) or a determination of the commissioner pursuant to
3 subsection [~~e~~] (d) that the enrollee meets the eligibility
4 requirements for expedited external review, the commissioner
5 shall immediately randomly assign an independent review
6 organization to conduct the expedited external review from the
7 list of approved independent review organizations qualified to
8 conduct the external review, based on the nature of the health
9 care service that is the subject of the adverse action and other
10 factors determined by the commissioner including conflicts of
11 interest pursuant to section 432E-43, compiled and maintained by
12 the commissioner to conduct the external review and immediately
13 notify the health carrier of the name of the assigned
14 independent review organization."

15 SECTION 13. Section 514A-121.5, Hawaii Revised Statutes,
16 is amended to read as follows:

17 "~~§514A-121.5~~ [+]Mediation[+]. If an apartment owner or the
18 board of directors requests mediation of a dispute involving the
19 interpretation or enforcement of the association of apartment
20 owners' declaration, bylaws, [~~e~~] house rules, or a matter
21 involving section 514A-82(b)(1) to (13), 514A-82.1, 514A-82.15,
22 514A-82.3, 514A-82.5, 514-82.6, 514A-83, 514A-83.1, 514A-83.2,



1 514A-83.3, 514A-83.4, 514A-83.5, 514A-84, 514A-84.5, or 514A-92.5,
2 the other party in the dispute shall be required to participate in
3 mediation. Each party shall be wholly responsible for its own
4 costs of participating in mediation, unless at the end of the
5 mediation process, both parties agree that one party shall pay all
6 or a specified portion of the mediation costs. If an apartment
7 owner or the board of directors refuses to participate in the
8 mediation of a particular dispute, a court may take this refusal
9 into consideration when awarding expenses, costs, and attorney's
10 fees."

11 SECTION 14. Section 514B-161, Hawaii Revised Statutes, is
12 amended by amending subsection (a) to read as follows:

13 "(a) If [~~an apartment~~] a unit owner or the board of
14 directors requests mediation of a dispute involving the
15 interpretation or enforcement of the [~~association of apartment~~
16 ~~owners~~] association's declaration, bylaws, or house rules, or a
17 matter under part VI of this chapter, the other party in the
18 dispute shall be required to participate in mediation. Each
19 party shall be wholly responsible for its own costs of
20 participating in mediation, unless at the end of the mediation
21 process, both parties agree that one party shall pay all or a
22 specified portion of the mediation costs. If a [~~party~~] unit



1 owner or the board of directors refuses to participate in the
2 mediation of a particular dispute, a court may take this refusal
3 into consideration when awarding expenses, costs, and attorneys'
4 fees."

5 SECTION 15. Section 712-1240, Hawaii Revised Statutes, is
6 amended by amending the definitions of "dangerous drugs" and
7 "harmful drug" to read as follows:

8 "Dangerous drugs" means any substance or immediate
9 precursor defined or specified as a "Schedule I substance" or a
10 "Schedule II substance" by chapter 329, or a substance specified
11 in section [~~329-18(e)(13)~~], 329-18(c)(14), except marijuana or
12 marijuana concentrate.

13 "Harmful drug" means any substance or immediate precursor
14 defined or specified as a "Schedule III substance" or a
15 "Schedule IV substance" by chapter 329, or any marijuana
16 concentrate except marijuana and a substance specified in
17 section [~~329-18(e)(13)~~]. 329-18(c)(14)."

18 SECTION 16. Act 151, Session Laws of Hawaii 2009, is
19 amended by amending section 28 to read as follows:

20 "SECTION 28. This Act shall take effect upon approval[-];
21 provided that the amendments made to section 346-352, Hawaii
22 Revised Statutes, by this Act shall not be repealed when section



1 346-352, Hawaii Revised Statutes, is reenacted on July 1, 2013,
2 pursuant to section 5 of Act 92, Session Laws of Hawaii 2007."

3 **PART II**

4 SECTION 17. Section 235-1, Hawaii Revised Statutes, is
5 amended by amending the definition of "prepaid legal service
6 plan" to read as follows:

7 "~~[Prepaid legal]~~ Legal service plan" ("Plan") means a
8 ~~[group legal service]~~ plan in which the cost of the services are
9 ~~[prepaid]~~ paid by ~~[the group member]~~ a member or by some other
10 person or organization in the member's behalf. A ~~[group]~~ legal
11 service plan is a plan by which legal services are rendered to
12 ~~[individual members of a group]~~ members identifiable in terms of
13 some common interest. A plan shall provide:

14 (A) That individual members shall be afforded freedom of
15 choice in the selection of their own attorney or
16 attorneys to provide legal services under such plan.

17 (B) For the payment of equal amounts for the cost of
18 services rendered without regard to the identity of
19 the attorney or attorneys selected by the plan member
20 or members. No plan shall otherwise discriminate on
21 the basis of such selection."



1 SECTION 18. Section 235-2.4, Hawaii Revised Statutes, is
2 amended by amending subsection (z) to read as follows:

3 "(z) Sections 512 to 514 (with respect to taxation of
4 business income of certain exempt organizations) of the Internal
5 Revenue Code shall be operative for the purposes of this chapter
6 as provided in this subsection.

7 "Unrelated business taxable income" means the same as in
8 the Internal Revenue Code, except that in the computation
9 thereof sections 235-3 to 235-5, and 235-7 (except subsection
10 (c)), shall apply, and in the determination of the net operating
11 loss deduction there shall not be taken into account any amount
12 of income or deduction that is excluded in computing the
13 unrelated business taxable income. Unrelated business taxable
14 income shall not include any income from a [prepaid] legal
15 service plan.

16 For a person described in section 401 or 501 of the
17 Internal Revenue Code, as modified by section 235-2.3, the tax
18 imposed by section 235-51 or 235-71 shall be imposed upon the
19 person's unrelated business taxable income."

20 SECTION 19. Section 235-7, Hawaii Revised Statutes, is
21 amended by amending subsection (a) to read as follows:



1 "(a) There shall be excluded from gross income, adjusted
2 gross income, and taxable income:

3 (1) Income not subject to taxation by the State under the
4 Constitution and laws of the United States;

5 (2) Rights, benefits, and other income exempted from
6 taxation by section 88-91, having to do with the state
7 retirement system, and the rights, benefits, and other
8 income, comparable to the rights, benefits, and other
9 income exempted by section 88-91, under any other
10 public retirement system;

11 (3) Any compensation received in the form of a pension for
12 past services;

13 (4) Compensation paid to a patient affected with Hansen's
14 disease employed by the State or the United States in
15 any hospital, settlement, or place for the treatment
16 of Hansen's disease;

17 (5) Except as otherwise expressly provided, payments made
18 by the United States or this State, under an act of
19 Congress or a law of this State, which by express
20 provision or administrative regulation or
21 interpretation are exempt from both the normal and



- 1 surtaxes of the United States, even though not so
2 exempted by the Internal Revenue Code itself;
- 3 (6) Any income expressly exempted or excluded from the
4 measure of the tax imposed by this chapter by any
5 other law of the State, it being the intent of this
6 chapter not to repeal or supersede any express
7 exemption or exclusion;
- 8 (7) Income received by each member of the reserve
9 components of the Army, Navy, Air Force, Marine Corps,
10 or Coast Guard of the United States of America, and
11 the Hawaii national guard as compensation for
12 performance of duty, equivalent to pay received for
13 forty-eight drills (equivalent of twelve weekends) and
14 fifteen days of annual duty, at an:
- 15 (A) E-1 pay grade after eight years of service;
16 provided that this subparagraph shall apply to
17 taxable years beginning after December 31, 2004;
- 18 (B) E-2 pay grade after eight years of service;
19 provided that this subparagraph shall apply to
20 taxable years beginning after December 31, 2005;



- 1 (C) E-3 pay grade after eight years of service;
- 2 provided that this subparagraph shall apply to
- 3 taxable years beginning after December 31, 2006;
- 4 (D) E-4 pay grade after eight years of service;
- 5 provided that this subparagraph shall apply to
- 6 taxable years beginning after December 31, 2007;
- 7 and
- 8 (E) E-5 pay grade after eight years of service;
- 9 provided that this subparagraph shall apply to
- 10 taxable years beginning after December 31, 2008;
- 11 (8) Income derived from the operation of ships or aircraft
- 12 if the income is exempt under the Internal Revenue
- 13 Code pursuant to the provisions of an income tax
- 14 treaty or agreement entered into by and between the
- 15 United States and a foreign country; provided that the
- 16 tax laws of the local governments of that country
- 17 reciprocally exempt from the application of all of
- 18 their net income taxes, the income derived from the
- 19 operation of ships or aircraft that are documented or
- 20 registered under the laws of the United States;



- 1 (9) The value of legal services provided by a [~~prepaid~~]
2 legal service plan to a taxpayer, the taxpayer's
3 spouse, and the taxpayer's dependents;
- 4 (10) Amounts paid, directly or indirectly, by a [~~prepaid~~]
5 legal service plan to a taxpayer as payment or
6 reimbursement for the provision of legal services to
7 the taxpayer, the taxpayer's spouse, and the
8 taxpayer's dependents;
- 9 (11) Contributions by an employer to a [~~prepaid~~] legal
10 service plan for compensation (through insurance or
11 otherwise) to the employer's employees for the costs
12 of legal services incurred by the employer's
13 employees, their spouses, and their dependents;
- 14 (12) Amounts received in the form of a monthly surcharge by
15 a utility acting on behalf of an affected utility
16 under section 269-16.3 shall not be gross income,
17 adjusted gross income, or taxable income for the
18 acting utility under this chapter. Any amounts
19 retained by the acting utility for collection or other
20 costs shall not be included in this exemption; and
- 21 (13) One hundred per cent of the gain realized by a fee
22 simple owner from the sale of a leased fee interest in



1 units within a condominium project, cooperative
2 project, or planned unit development to the
3 association of owners under chapter 514A or 514B, or
4 the residential cooperative corporation of the
5 leasehold units.

6 For purposes of this paragraph:

7 "Fee simple owner" shall have the same meaning as
8 provided under section 516-1; provided that it shall
9 include legal and equitable owners;

10 "Legal and equitable owner", and "leased fee
11 interest" shall have the same meanings as provided
12 under section 516-1; and

13 "Condominium project" and "cooperative project"
14 shall have the same meanings as provided under section
15 514C-1."

16 SECTION 20. Section 237-1, Hawaii Revised Statutes, is
17 amended by amending the definition of "prepaid legal service
18 plan" to read as follows:

19 ""~~[Prepaid legal]~~ Legal service plan" ("Plan") means a
20 ~~[group legal service]~~ plan in which the cost of the services are
21 ~~[prepaid]~~ paid by ~~[the group member]~~ a member or by some other
22 person or organization in the member's behalf. A ~~[group]~~ legal



1 service plan is a plan by which legal services are rendered to
2 [~~individual members of a group~~] members identifiable in terms of
3 some common interest. A plan shall provide:

4 (A) That individual members shall be afforded freedom of
5 choice in the selection of their own attorney or
6 attorneys to provide legal services under such plan.

7 (B) For the payment of equal amounts for the cost of
8 services rendered without regard to the identity of
9 the attorney or attorneys selected by the plan member
10 or members. No plan shall otherwise discriminate on
11 the basis of such selection."

12 SECTION 21. Section 237-23, Hawaii Revised Statutes, is
13 amended by amending subsection (a) to read as follows:

14 "(a) This chapter shall not apply to the following
15 persons:

16 (1) Public service companies as that term is defined in
17 section 239-2, with respect to the gross income,
18 either actual gross income or gross income estimated
19 and adjusted, that is included in the measure of the
20 tax imposed by chapter 239;

21 (2) Public utilities owned and operated by the State or
22 any county, or other political subdivision thereof;



1 (3) Fraternal benefit societies, orders, or associations,
2 operating under the lodge system, or for the exclusive
3 benefit of the members of the fraternity itself,
4 operating under the lodge system, and providing for
5 the payment of death, sick, accident, [~~prepaid legal~~
6 ~~services,~~] a legal service plan, or other benefits to
7 the members of the societies, orders, or associations,
8 and to their dependents;

9 (4) Corporations, associations, trusts, or societies
10 organized and operated exclusively for religious,
11 charitable, scientific, or educational purposes, as
12 well as that of operating senior citizens housing
13 facilities qualifying for a loan under the laws of the
14 United States as authorized by section 202 of the
15 Housing Act of 1959, as amended, as well as that of
16 operating a [~~prepaid legal services~~] legal service
17 plan, as well as that of operating or managing a
18 homeless facility, or any other program for the
19 homeless authorized under part XVII of chapter 346;

20 (5) Business leagues, chambers of commerce, boards of
21 trade, civic leagues, agricultural and horticultural
22 organizations, and organizations operated exclusively



1 for the benefit of the community and for the promotion
2 of social welfare that shall include the operation of
3 a [~~prepaid~~] legal service plan, and from which no
4 profit inures to the benefit of any private
5 stockholder or individual;

6 (6) Hospitals, infirmaries, and sanitararia;

7 (7) Cooperative associations incorporated under chapter
8 421 or Code section 521 cooperatives which fully meet
9 the requirements of section 421-23, except Code
10 section 521 cooperatives need not be organized in
11 Hawaii; provided that:

12 (A) The exemption shall apply only to the gross
13 income derived from activities that are pursuant
14 to purposes and powers authorized by chapter 421,
15 except those provisions pertaining to or
16 requiring corporate organization in Hawaii do not
17 apply to Code section 521 cooperatives;

18 (B) The exemption shall not relieve any person who
19 receives any proceeds of sale from the
20 association of the duty of returning and paying
21 the tax on the total gross proceeds of the sales
22 on account of which the payment was made, in the



1 same amount and at the same rate as would apply
2 thereto had the sales been made directly by the
3 person, and all those persons shall be so
4 taxable; and

5 (C) As used in this paragraph, "Code section 521
6 cooperatives" mean associations that qualify as a
7 cooperative under section 521 (with respect to
8 exemption of farmers' cooperatives from tax) of
9 the Internal Revenue Code of 1986, as amended;

10 (8) Persons affected with Hansen's disease and kokuas,
11 with respect to business within the county of Kalawao;

12 (9) Corporations, companies, associations, or trusts
13 organized for the establishment and conduct of
14 cemeteries no part of the net earnings of which inures
15 to the financial benefit of any private stockholder or
16 individual; provided that the exemption shall apply
17 only to the activities of those persons in the conduct
18 of cemeteries and shall not apply to any activity the
19 primary purpose of which is to produce income, even
20 though the income is to be used for or in the
21 furtherance of the exempt activities of those persons;
22 and



1 (10) Nonprofit shippers associations operating under part
2 296 of the Civil Aeronautics Board Economic
3 Regulations."

4 SECTION 22. Section 431:1-201, Hawaii Revised Statutes, is
5 amended by amending subsection (b) to read as follows:

6 "(b) The following contracts are not considered to be
7 insurance for the purposes of this code:

- 8 (1) A bond with respect to which no premium is charged or
9 paid;
- 10 (2) A bond or contract or undertaking in the performance
11 of which the surety has an interest other than that of
12 surety;
- 13 (3) A plan or agreement between an employer and any
14 employee or the employee's representative,
15 individually or collectively, by the terms of which
16 the employer or the parties to the plan or agreement
17 agree to contribute to the cost of nonoccupational
18 disability benefits, medical attention, treatment or
19 hospitalization for the employee or members of the
20 employee's family unless such plan is underwritten by
21 an insurer as defined in this article;



1 (4) A [~~prepaid~~] legal service plan as defined in chapter
2 488 other than plans in which either the [~~group~~]
3 person or entity offering the plan or the person
4 administering the plan is otherwise subject to this
5 code;

6 (5) Any unincorporated interindemnity or reciprocal or
7 interinsurance contract, which qualifies under chapter
8 435E between members of a cooperative corporation,
9 whose members consist only of physicians and surgeons
10 licensed in Hawaii, which contracts indemnify solely
11 in respect to medical malpractice claims against such
12 members, and which do not collect in advance of loss
13 any moneys other than contributions by each member to
14 a collective reserve trust fund or for necessary
15 expenses of administration."

16 SECTION 23. Section 432:1-104, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "§432:1-104 **Definitions.** For the purposes of this
19 article:

20 (1) Commissioner means the insurance commissioner of the
21 State of Hawaii.



1 (2) Mutual benefit society is any corporation,
2 unincorporated association, society, or entity:
3 (A) Organized and carried on for the primary benefit
4 of its members and their beneficiaries and not
5 for profit, and:
6 (i) Making provision for the payment of benefits
7 in case of sickness, disability, or death of
8 its members, or disability, or death of its
9 members' spouses or reciprocal beneficiaries
10 or children, or
11 (ii) Making provision for the payment of any
12 other benefits to or for its members,
13 whether or not the amount of the benefits is
14 fixed or rests in the discretion of the society,
15 its officers, or any other person or persons; and
16 the fund from which the payment of the benefits
17 shall be defrayed is derived from assessments or
18 dues collected from its members, and the payment
19 of death benefits is made to the families
20 including reciprocal beneficiaries, heirs, blood
21 relatives, or persons named by its members as
22 their beneficiaries; or



- 1 (B) Organized and carried on for any purpose, which:
- 2 (i) Regularly requires money to be paid to it by
- 3 its members, whether the money be in the
- 4 form of dues, subscriptions, receipts,
- 5 contributions, assessments or otherwise, and
- 6 (ii) Provides for the payment of any benefit or
- 7 benefits or the payment of any money or the
- 8 delivery of anything of value to its members
- 9 or their relatives including reciprocal
- 10 beneficiaries, or to any person or persons
- 11 named by its members as their beneficiaries,
- 12 or to any class of persons which includes or
- 13 may include its members,
- 14 whether or not the amount or value of the
- 15 benefit, benefits, money, or thing of value is
- 16 fixed, or rests in the discretion of the society,
- 17 its officers, or any other person or persons; or
- 18 (C) Organized and carried on for any purpose, whose
- 19 requirements and provisions although not
- 20 identical with, are determined by the
- 21 commissioner to be substantially similar to,
- 22 those enumerated in subparagraphs (A) and (B).



1 Participating in a [~~prepaid~~] legal service plan
2 subject to chapter 488 shall not in itself make a
3 corporation, unincorporated association, society, or
4 entity a mutual benefit society and subject to this
5 article."

6 SECTION 24. Section 432:2-101, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "**§432:2-101 Scope of article.** This article relates only
9 to fraternal benefit societies, as defined herein, which desire
10 to be authorized to pay benefits in accordance with this article
11 after July 10, 1961. This article shall not apply to [~~prepaid~~]
12 legal service plans subject to chapter 488 even though the plan
13 may be offered by a fraternal benefit society."

14 **PART III**

15 SECTION 25. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 26. This Act shall take effect on July 1, 2050;
18 provided that section 9, amending section 235-2.4, Hawaii
19 Revised Statutes, shall take effect retroactive to January 1,
20 2011; and provided further that the amendments made to section
21 235-7(a), Hawaii Revised Statutes, by section 19, shall not be
22 repealed when section 235-7(a), Hawaii Revised Statutes, is



1 reenacted on January 1, 2013, pursuant to Act 166, Session Laws
2 of Hawaii 2007.



Report Title:
Revision Bill

Description:

Amends various provisions of the Hawaii Revised Statutes and the Session Laws of Hawaii for the purpose of correcting errors and references and clarifying language. Effective 07/01/50. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

