
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Section 237-2, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§237-2 "Business", "engaging" in business, defined.

4 "Business" as used in this chapter, includes all activities
5 (personal, professional, or corporate), engaged in or caused to
6 be engaged in with the object of gain or economic benefit either
7 direct or indirect, [~~but does not include casual sales.~~] without
8 regard to having a physical presence, including the presence of
9 a representative acting on behalf of the person in this State,
10 except that "business" does not include:

11 (1) Casual sales;

12 (2) Having a worldwide website as a third-party content
13 provider on a computer physically located in this
14 State, but owned by another nonaffiliated person;

15 (3) Using a nonaffiliated third-party call center to
16 accept and process telephone or electronic orders of
17 tangible personal property or licenses primarily from



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1 non-Hawaii buyers, which orders are forwarded to a
 2 location outside this State for filling or to provide
 3 services primarily to non-Hawaii customers; and
 4 (4) The activities of a person without a physical presence
 5 in this State, if the person and the person's
 6 affiliates have less than \$100,000 of gross receipts
 7 in the State, based on receipts during the prior
 8 calendar year. As used in this paragraph, "affiliate"
 9 means a business entity that directly or indirectly
 10 through one or more intermediaries controls, is
 11 controlled by, or is under common control with another
 12 business entity.

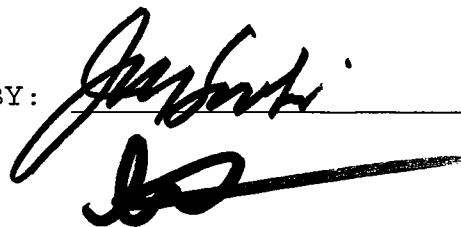
13 The term "engaging" as used in this chapter with reference
 14 to engaging or continuing in business also includes the exercise
 15 of corporate or franchise powers."

16 SECTION 2. Statutory material to be repealed is bracketed
 17 and stricken. New statutory material is underscored.

18 SECTION 3. This Act shall take effect on July 1, 2017.

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INTRODUCED BY: _____



JAN 20 2017



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Report Title:

General Excise Tax; Businesses Without Physical Presence in the State

Description:

Amends the definition of "business" in the State's general excise tax law.

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