

---

---

# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 PART I

2 SECTION 1. Chapter 231, Hawaii Revised Statutes, is  
3 amended by adding a new section to be appropriately designated  
4 and to read as follows:

5 "§231- Information reporting. (a) Each retailer or  
6 vendor that has made sales of tangible personal property in a  
7 taxable year in an amount equal to or in excess of \$  
8 from a place of business outside the State for use in the State  
9 and that is not required to pay or collect general excise or use  
10 tax shall send, by January 31 of the next year, a notification  
11 to each purchaser in the State who purchased tangible personal  
12 property for a total purchase price in an amount equal to or in  
13 excess of \$ from the retailer or vendor. The  
14 notification shall include, if available:

- 15 (1) Dates of each purchase made by the purchaser; and  
16 (2) The amount of each purchase;



1 provided that the notification shall inform the purchaser that  
2 the State requires a use tax return to be filed and use tax paid  
3 on certain purchases made by a purchaser in the State from the  
4 out-of-state retailer or vendor. The notification shall not  
5 contain any information that would indicate, imply, or identify  
6 the class, type, description, or name of the products purchased.  
7 Any information that could indicate, imply, or identify the  
8 class, type, description, or name of the products purchased  
9 shall be considered strictly confidential.

10 (b) The notification pursuant to subsection (a) shall be  
11 sent separately to all purchasers by first-class mail and shall  
12 not be included with any other shipments. The notification  
13 shall include the words "Important Tax Document Enclosed" on the  
14 exterior of the mailing.

15 (c) Each retailer or vendor subject to this section shall  
16 file an annual statement showing the total amount paid for  
17 purchases during the preceding calendar year or any portion  
18 thereof for each purchaser to the department on forms provided  
19 or approved by the department. The annual statement shall be  
20 filed on or before March 1 of the next year.



1       (d) The director of taxation may require any retailer or  
2 vendor that makes \$                    a year or more in total sales in the  
3 State to file the annual statement pursuant to subsection (c) by  
4 magnetic media or another machine-readable form for that year.

5       (e) Failure to send notification to purchasers pursuant to  
6 subsection (c) shall subject the retailer or vendor to a penalty  
7 of \$                    for each failure, unless the retailer or vendor  
8 shows reasonable cause for the failure.

9       (f) Failure to file the annual statement required pursuant  
10 to this section shall subject the retailer or vendor to a  
11 penalty of \$                    for each purchaser that should have been  
12 included in the annual statement, unless the retailer or vendor  
13 shows good cause for not filing the statement.

14       (g) This section shall not apply to a retailer or vendor  
15 who voluntarily collects and pays the use tax to the department  
16 on tangible personal property sold from a place of business  
17 outside the State for use in the State.

18       (h) The department shall not fine, charge interest on, or  
19 penalize in any other way, a purchaser who receives notification  
20 from a retailer or vendor about the purchaser's responsibility



1 to pay the use tax as provided for in this section and shall  
2 only require payment of the use tax by the purchaser."

3 PART II

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

6 "§237-2 "Business", "engaging" in business, defined.

7 "Business" as used in this chapter, includes all activities  
8 (personal, professional, or corporate), engaged in or caused to  
9 be engaged in with the object of gain or economic benefit either  
10 direct or indirect, without regard to physical presence in the  
11 State, but does not include casual sales[-]; provided that a  
12 person with no physical presence in the State is engaged in  
13 "business" in this State if the person has gross receipts  
14 attributable to this State of \$ or more and has a  
15 computer server physically present in this State that is used  
16 for gain or economic benefit.

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



1 PART III

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

4 SECTION 4. This Act shall take effect on July 1, 2030.



**Report Title:**

Taxation; Sales; Out-of-State Retailers or Vendors;  
Notification; Reporting

**Description:**

Requires retailers or vendors that are not located in the State and not required to pay or collect general excise or use tax for sales to send certain information to purchasers in the State. Allows the Director of Taxation to require retailers or vendors to submit an annual report to the Department of Taxation. Exempts retailers or vendors who voluntarily collect and pay use tax to the Department of Taxation. Prohibits the Department of Taxation from fining, charging interest on, or penalizing in any way a purchaser who receives notification and does not pay the use tax. Amends the definition of business under Hawaii's general excise tax law. (SB620 HD2)

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

