
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that Hawaii's unique mid-
2 Pacific, near-equatorial location, diverse technological assets,
3 resident technological expertise, and strategic ties with space-
4 faring nations from around the Asia-Pacific region uniquely
5 qualify our state to serve as a premier, cost-effective, and
6 globally competitive site for launching next-generation
7 commercial spacecraft that will carry satellites, experimental
8 payloads, and people into space.

9 The legislature also finds that space launch operations
10 would enable Hawaii to become a major international player in
11 aerospace research and development -- advancing applications in
12 diverse areas such as microgravity research, disaster monitoring
13 and mitigation, space-based telecommunications, meteorological
14 forecasting, space-based solar power, and other areas that would
15 rapidly expand and diversify Hawaii's aerospace sector as a
16 strategic growth industry for the State.



1 The legislature further finds that developing these
2 capabilities would not only afford pioneering research and
3 development opportunities for Hawaii's university and commercial
4 sectors, but would also enable the launch of next-generation
5 "spaceplanes" to carry both experiments and passengers to the
6 edge of the Earth's atmosphere and bring space tourism to
7 Hawaii.

8 The purpose of this Act is to promote the development of
9 spacecraft launching capability in Hawaii by providing a general
10 excise tax exemption for amounts received from the construction
11 of a space launch facility in the State.

12 SECTION 2. Chapter 237, Hawaii Revised Statutes, is
13 amended by adding a new section to be appropriately designated
14 and to read as follows:

15 "§237- Space launch facility. (a) This chapter shall
16 not apply to amounts received from the construction of a space
17 launch facility in the State.

18 (b) As used in this section:

19 "Construction of a space launch facility" means all design,
20 engineering, labor, and material costs associated with the
21 construction, reconstruction, or improvement of new or existing
22 space launch facilities.



1 "Space flight" means any flight designed for suborbital,
2 orbital, or interplanetary travel by a space vehicle, satellite,
3 space facility, or space station of any kind.

4 "Space launch facility" means a facility designed to
5 facilitate space flight. This includes commercial space launch
6 sites and facilities the principal purpose of which is to
7 manufacture, fabricate, assemble, or process equipment that
8 facilitates the renovation, rehabilitation, or reconstruction of
9 commercial space launch sites."

10 SECTION 3. Section 238-1, Hawaii Revised Statutes, is
11 amended by amending the definition of "use" to read as follows:

12 ""Use" (and any nounal, verbal, adjectival, adverbial, and
13 other equivalent form of the term) herein used interchangeably
14 means any use, whether the use is of such nature as to cause the
15 property, services, or contracting to be appreciably consumed or
16 not, or the keeping of the property or services for such use or
17 for sale, the exercise of any right or power over tangible or
18 intangible personal property incident to the ownership of that
19 property, and shall include control over tangible or intangible
20 property by a seller who is licensed or who should be licensed
21 under chapter 237, who directs the importation of the property
22 into the State for sale and delivery to a purchaser in the



1 State, liability and free on board (FOB) to the contrary
2 notwithstanding, regardless of where title passes, but the term
3 "use" shall not include:

4 (1) Temporary use of property, not of a perishable or
5 quickly consumable nature, where the property is
6 imported into the State for temporary use (not sale)
7 therein by the person importing the same and is not
8 intended to be, and is not, kept permanently in the
9 State. For example, without limiting the generality
10 of the foregoing language:

11 (A) In the case of a contractor importing permanent
12 equipment for the performance of a construction
13 contract, with intent to remove, and who does
14 remove, the equipment out of the State upon
15 completing the contract;

16 (B) In the case of moving picture films imported for
17 use in theaters in the State with intent or under
18 contract to transport the same out of the State
19 after completion of such use; and

20 (C) In the case of a transient visitor importing an
21 automobile or other belongings into the State to
22 be used by the transient visitor while therein



1 but which are to be used and are removed upon the
2 transient visitor's departure from the State;

3 (2) Use by the taxpayer of property acquired by the
4 taxpayer solely by way of gift;

5 (3) Use which is limited to the receipt of articles and
6 the return thereof, to the person from whom acquired,
7 immediately or within a reasonable time either after
8 temporary trial or without trial;

9 (4) Use of goods imported into the State by the owner of a
10 vessel or vessels engaged in interstate or foreign
11 commerce and held for and used only as ship stores for
12 the vessels;

13 (5) The use or keeping for use of household goods,
14 personal effects, and private automobiles imported
15 into the State for nonbusiness use by a person who:

16 (A) Acquired them in another state, territory,
17 district, or country;

18 (B) At the time of the acquisition was a bona fide
19 resident of another state, territory, district,
20 or country;

21 (C) Acquired the property for use outside the State;
22 and



1 (D) Made actual and substantial use thereof outside
2 this State;
3 provided that as to an article acquired less than
4 three months prior to the time of its importation into
5 the State it shall be presumed, until and unless
6 clearly proved to the contrary, that it was acquired
7 for use in the State and that its use outside the
8 State was not actual and substantial;

9 (6) The leasing or renting of any aircraft or the keeping
10 of any aircraft solely for leasing or renting to
11 lessees or renters using the aircraft for commercial
12 transportation of passengers and goods or the
13 acquisition or importation of any such aircraft or
14 aircraft engines by any lessee or renter engaged in
15 interstate air transportation. For purposes of this
16 paragraph, "leasing" includes all forms of lease,
17 regardless of whether the lease is an operating lease
18 or financing lease. The definition of "interstate air
19 transportation" is the same as in 49 U.S.C. 40102;

20 (7) The use of oceangoing vehicles for passenger or
21 passenger and goods transportation from one point to



- 1 another within the State as a public utility as
2 defined in chapter 269;
- 3 (8) The use of material, parts, or tools imported or
4 purchased by a person licensed under chapter 237 which
5 are used for aircraft service and maintenance, or the
6 construction of an aircraft service and maintenance
7 facility as those terms are defined in section 237-
8 24.9;
- 9 (9) The use of services or contracting imported for resale
10 where the contracting or services are for resale,
11 consumption, or use outside the State pursuant to
12 section 237-29.53(a); [and]
- 13 (10) The use of property, services, or contracting imported
14 by foreign diplomats and consular officials who are
15 holding cards issued or authorized by the United
16 States Department of State granting them an exemption
17 from state taxes [-]; and
- 18 (11) The use of material, parts, or tools imported or
19 purchased by a person licensed under chapter 237 that
20 are used for the construction of a space launch
21 facility as those terms are defined in section
22 237-_____.



1 With regard to purchases made and distributed under the
2 authority of chapter 421, a cooperative association shall be
3 deemed the user thereof."

4 SECTION 4. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 5. This Act shall take effect on July 1, 2014.
7

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H.B. NO. 2614

Report Title:

Aerospace; Space Launch Facility; General Excise Tax

Description:

Exempts from the general excise tax, amounts received from the construction of a space launch facility in the State.

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