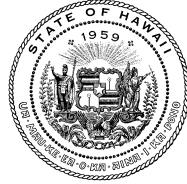


NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



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DEPUTY DIRECTOR

August 15, 2012

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2012-08

RE: Act 165, Session Laws of Hawaii 2012, Relating to Interisland Transmission Cable Systems

On June 29, 2012, Governor Neil Abercrombie signed into law Senate Bill No. 2785, S.D. 2, H.D. 2 as Act 165, Session Laws of Hawaii 2012. Act 165 took effect on July 1, 2012.

This Act makes several amendments pertaining to income received by an electric utility company in the form of a "cable surcharge." Specifically, Act 165 amends Section 235-7, Hawaii Revised Statutes, (HRS) to exclude such amounts from a calculation of gross income, adjusted gross income, and taxable income. Act 165 additionally adds a provision to HRS Chapter 239 to exclude such amounts from a calculation of gross income for the purpose of Public Utility Tax, and adds a provision to Chapter 240 to exclude such amounts from a calculation of income for the purpose of the Franchise Tax.

For more information on this issue, please contact the Rules Office at 808-587-1577 or by e-mail at Tax.Rules.Office@hawaii.gov.

A handwritten signature in cursive script that reads "Frederick D. Pablo".

FREDERICK D. PABLO
Director of Taxation