
Auditor's Summary

Review of General Excise and Use Tax Provisions Pursuant to Section 23-77, Hawai'i Revised Statutes

Report No. 26-03



PHOTO: ISTOCK.COM

This report reviews seven tax provisions under Hawai'i's General Excise Tax (GET) and Use Tax laws. Section 23-71 et seq., Hawai'i Revised Statutes (HRS), requires the Auditor to review GET and Use Tax provisions annually, on a 10-year recurring cycle.

Specifically, for 2024 and every tenth year thereafter, Section 23-77, HRS, requires the review of the following tax provisions:

- Amounts received by condominium associations, homeowners associations, and nonprofit community associations in reimbursement for common expenses (Section 237-24.3(2), HRS);
- Amounts received by an exchange or board of trade for transaction fees, membership fees, and other fees charged to members and to companies listed on the exchange (Section 237-24.5, HRS);
- Amounts received by the seller of tangible personal property to any state-chartered credit union (Section 237-25(a)(3), HRS);
- Amounts received by financial institutions, trust companies, trust departments, or financial corporations acting as interbank brokers (Section 237-24.8, HRS);

We determined that five GET exemptions and one Use Tax exemption were achieving their purposes and should be retained. We also determined that one GET exemption was not meeting its purpose and should be repealed.

-
- Gross proceeds received by contractors and subcontractors for performing work involving scientific facilities under contract with the United States, and gross proceeds of certain sales to those contractors and subcontractors in connection with the same (Section 237-26, HRS);
 - Amounts pertaining to the use of property, services, or contracting exempted by Section 237-26, HRS (Section 238-3(j), HRS); and
 - Amounts received by a petroleum refiner from the sale of any petroleum product that is further refined by another refiner (Section 237-27, HRS).

We determined that five GET exemptions and one Use Tax exemption were achieving their purposes and should be retained. We also determined that one GET exemption was not meeting its purpose and should be repealed: Section 237-24.5, HRS, which allows an exchange to exempt transaction fees charged to its members from GET. The provision has not achieved its intended purpose – establishment of a stock, commodities, or futures exchange in Hawai‘i – but is still being claimed by tax filers. We recommend DOTAX review claims under the exemption and recommend to the Legislature whether this exemption should be retained, modified, or repealed.



Link to the complete report:

Review of General Excise and Use Tax Provisions Pursuant to
Section 23-77, Hawai‘i Revised Statutes
<https://files.hawaii.gov/auditor/Reports/2026/26-03.pdf>