
Auditor's Summary

Review of General Excise and Use Tax Provisions Pursuant to Section 23-76, Hawai'i Revised Statutes

Report No. 24-06



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THIS REPORT ASSESSES nine exemptions under the Hawai'i's General Excise Tax (GET) and Use Tax laws. Section 23-71 et seq., Hawai'i Revised Statutes (HRS), require the Auditor to review GET and Use Tax provisions annually, on a 10-year recurring cycle.

Specifically, this report reviews the following nine exemptions:

- GET exemption for employee benefit plans, Section 237-24.3(4), HRS;
- GET exemption for food stamps and vouchers under the Special Supplemental Nutrition Program for Women, Infants, and Children, Section 237-24.3(5), HRS;
- GET exemption for prescriptions and prosthetics, Section 237-24.3(6), HRS;
- GET exemption for merchants association dues for advertising or promotion, Section 237-24.3(8), HRS;
- GET exemption for labor organization real property leases, Section 237-24.3(9), HRS;
- GET exemption for reimbursements to the Hawai'i Convention Center operator from the Hawai'i Tourism Authority, Section 237-24.75(2), HRS;

In fiscal year 2022, which ended June 30, 2022, GET revenue accounted for \$4.01 billion, or 38.3 percent of the State's total tax revenue from all sources.

- GET exemption for wage and fringe benefit reimbursements to professional employer organizations, Section 237-24.75(3), HRS; and
- Two GET exemptions for Enterprise Zones, regarding both qualified Enterprise Zone businesses and Enterprise Zone construction contractors, Section 209E-11, HRS.

We determined that six GET exemptions are meeting their stated or inferred purposes. We could not determine whether three GET exemptions were achieving their purposes. As we explain in the report, making conclusions as to whether purposes are being met is challenging when amounts claimed are not tracked or where no benchmarks or metrics are set forth in statute to assess whether a provision is achieving its intended purpose.



Link to the complete report:

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<https://files.hawaii.gov/auditor/Reports/2024/24-06.pdf>