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# A BILL FOR AN ACT

RELATING TO THE EXCLUSION OF PROCEEDS FROM THE MANUFACTURE,  
PACKAGING, AND SALE OF FOOD FROM GENERAL EXCISE TAX  
LIABILITY.

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

1           SECTION 1. Chapter 237, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4           "§237- (a) Exemption for food. There shall be exempted  
5 from, and excluded from the measure of, the taxes imposed by  
6 this chapter all of the gross proceeds or income arising from  
7 the manufacture, production, packaging, and sale of food items  
8 within the State.

9           (1) As used in this section, "food items" means any  
10 food or food product for home consumption except  
11 alcoholic beverages, tobacco, and food products  
12 prepared at the place of sale or at another location  
13 and sold primarily for immediate or nearly immediate  
14 consumption, and:

15           (A) In the case of those persons who are sixty  
16 years of age or over or who receive supplemental  
17 security income benefits under Title XVI of the



1           Social Security Act (42 U.S.C. §1381 et seq.),  
2           and their spouses, includes meals prepared by and  
3           served in senior citizens' centers, apartment  
4           buildings occupied primarily by senior citizens,  
5           private nonprofit establishments (eating or  
6           otherwise) that feed senior citizens, private  
7           establishments that contract with the appropriate  
8           agency of the State to offer meals for senior  
9           citizens at concessional prices, and meals  
10          prepared for and served to residents of federally  
11          subsidized housing for the elderly;  
12          (B) In the case of persons sixty years of age or  
13          over and persons who are physically or mentally  
14          handicapped or otherwise so disabled that they  
15          are unable to adequately prepare all of their  
16          meals, includes meals prepared for and delivered  
17          to them and their spouses at their home by a  
18          public or private nonprofit organization or by a  
19          private establishment that contracts with the  
20          appropriate state agency to perform meal services  
21          at concessional prices;



1           (C) In the case of narcotics addicts or  
2           alcoholics served by drug addiction or alcoholic  
3           treatment and rehabilitation programs, includes  
4           meals prepared and served under rehabilitation  
5           programs;

6           (D) In the case of disabled or blind recipients  
7           of benefits under Title II or title XVI of the  
8           Social Security Act (42 U.S.C. §§401 et seq.,  
9           1381 et seq.) who are residents in a public or  
10          private nonprofit group living arrangement that  
11          serves not more than sixteen residents and is  
12          certified by the appropriate state agency or  
13          agencies under regulations issued under section  
14          1616(e) of the Social Security Act (42 U.S.C.  
15          §1382(e) (1), includes meals prepared and served  
16          under the arrangement; and

17          (E) In the case of women and children  
18          temporarily residing in public or private  
19          nonprofit shelters for battered women and  
20          children, includes meals prepared and served by  
21          the residential shelters.



1        The phrase "food items" may be further defined by the  
 2        department of taxation through the enumeration of items in rules  
 3        or informational releases, provided that the department shall  
 4        consult with the federal Food and Nutrition Service of the  
 5        United States Department of Agriculture in further defining the  
 6        phrase "food items" for food stamp purposes.

7        SECTION 2. New statutory material is underscored.

8        SECTION 3. This Act, upon its approval, shall apply to  
 9        taxable years beginning after December 31, 2006.

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HB 2014

**Report Title:**

General excise tax; exclusion for food

**Description:**

Excludes proceeds from the manufacture, packaging, and sale of food from general excise tax liability.

