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# A BILL FOR AN ACT

RELATING TO THE GENERAL EXCISE TAX.

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

1           SECTION 1. The legislature finds that Hawaii taxpayers are  
2 some of the most overburdened taxpayers in the nation. The  
3 legislature further finds that providing Hawaii consumers with a  
4 tax holiday on the purchase of food and over-the-counter drugs  
5 will stimulate retail sales and give a boost to the State's  
6 economy.

7           The purpose of this Act is to stimulate the economy in  
8 Hawaii by giving consumers a tax holiday from taxes assessed on  
9 food and over-the-counter drugs, provided that the tax savings  
10 are passed onto the consumer.

11          SECTION 2. (a) Notwithstanding any law to the contrary,  
12 the tax imposed under chapter 237, Hawaii Revised Statutes,  
13 shall not be assessed or due on the sale of any food or drugs  
14 sold on the state tax holiday; provided that the tax holiday:

15           (1) Is held on the first Saturday or Sunday in December

16                   2008, as determined by the director of taxation;

17           (2) Shall not extend for more than one day;



1           (3) Is advertised to provide reasonable notice to the  
2           general public; and

3           (4) Applies only to purchases of food and over-the-counter  
4           drugs. The term "over-the-counter" drug means any  
5           drug that is not a "prescription drug" as that term is  
6           defined under section 237-24.3(7), Hawaii Revised  
7           Statutes. The term "food" is defined as any article  
8           or product purchased for human consumption and does  
9           not include alcoholic beverages subject to chapter  
10          244D, Hawaii Revised Statutes, or meals purchased in a  
11          restaurant or other establishment where meals are  
12          prepared for human consumption.

13          (b) All general excise tax savings generated by this  
14          section shall be passed on by the seller to the purchaser.

15          (c) The exemption shall apply to retail sales only and not  
16          to sales on items that will be resold in any form or manner.

17          (d) The retailer of any food or drugs shall not be  
18          required to obtain any special license, permit, or other  
19          documentation on sales of eligible items during the tax holiday;  
20          provided that the retailer's records shall clearly identify the  
21          type of item sold and the sales price of the item.



1           (e) The director of taxation may adopt rules pursuant to  
2 chapter 91, Hawaii Revised Statutes, to effectuate this Act.

3           SECTION 3. The director of taxation shall report to the  
4 legislature not later than twenty days prior to the convening of  
5 the regular session of 2009 on the costs of the tax holiday  
6 under this Act.

7           SECTION 4. This Act shall take effect upon its approval.



**Report Title:**

General Excise Tax; Holiday; Food; Drugs

**Description:**

Establishes a general excise tax holiday on purchases of food and over-the-counter drugs. (SD1)

