

Honolulu, Hawaii

FEB 12 2007

RE: S.B. No. 1496
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Human Services and Public Housing, to which was referred S.B. No. 1496 entitled:

"A BILL FOR AN ACT RELATING TO AN EXEMPTION FROM THE GENERAL EXCISE TAX,"

begs leave to report as follows:

The purpose of this measure is to exempt the sale of food qualifying under the Women, Infants, and Children Program administered by the federal Food and Nutrition Service of the United States Department of Agriculture from the general excise tax.

The Governor and the Department of Taxation submitted testimony in support of this measure.

Your Committee received a fiscal impact statement from the Department of Taxation that this measure, if passed, would result in a revenue loss to the State of approximately \$15,000,000 for the first year and \$40,000,000 per year thereafter. However, the fiscal impact statement submitted did not specify the methodology by which the fiscal impact was calculated.

Your Committee finds that undertaking the exemption of foods from any tax is a daunting task because of the indeterminate definition of the term "food." However, as one testifier noted, the United States Department of Agriculture already requires grocery stores that participate in the Women, Infants, and Children Program to exempt the eleven food groups that it



identified as essential foods from local and state taxes. Therefore, most, if not all, grocery stores are prepared to accommodate the exemption of the foods on the list. The types of groceries that will be exempt from the food tax include milk, eggs, cheese, canned salmon and tuna, carrots, peanut butter, juices, cereals, beans, peas and lentils, as well as infant formula and infant cereal.

Your Committee has amended this measure by making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1496, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1496, S.D. 1, and be referred to the Committee on Economic Development and Taxation.


Respectfully submitted on
behalf of the members of the
Committee on Human Services and
Public Housing,


SUZANNE CHUN OAKLAND, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Human Services and Public Housing
HSP

Bill / Resolution No.:* SB 1496	Committee Referral: HSP, EDT, WAM	Date: 2-8-07		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)	✓			
IHARA, Jr., Les (VC)	✓			
SAKAMOTO, Norman	✓			
HEMMINGS, Fred	✓			
TOTAL	4	0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency				

*Only one measure per Record of Votes