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## A BILL FOR AN ACT

RELATING TO THE REPEAL OF TAXES ON FOOD.

**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  
18 Social Security Act (42 U.S.C. §1381 et seq.);



1           and their spouses, includes meals prepared by and  
2           served in senior citizens' centers, apartment  
3           buildings occupied primarily by senior citizens,  
4           private nonprofit establishments (eating or  
5           otherwise) that feed senior citizens, private  
6           establishments that contract with the appropriate  
7           agency of the State to offer meals for senior  
8           citizens at concessional prices, and meals  
9           prepared for and served to residents of federally  
10           subsidized housing for the elderly;

11           (B) In the case of persons sixty years of age or  
12           over and persons who are physically or mentally  
13           handicapped or otherwise so disabled that they  
14           are unable to adequately prepare all of their  
15           meals, includes meals prepared for and delivered  
16           to them and their spouses at their home by a  
17           public or private nonprofit organization or by a  
18           private establishment that contracts with the  
19           appropriate state agency to perform meal services  
20           at concessional prices;

21           (C) In the case of narcotics addicts or  
22           alcoholics served by drug addiction or alcoholic



1 treatment and rehabilitation programs, includes  
2 meals prepared and served under rehabilitation  
3 programs;

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

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

20 The phrase "food items" may be further defined by the  
21 department of taxation through the enumeration of items in rules  
22 or informational releases, provided that the department shall



1 consult with the federal Food and Nutrition Service of the  
2 United States Department of Agriculture in further defining the  
3 phrase "food items" for food stamp purposes.

4 SECTION 2. Section 237-8.6, Hawaii Revised Statutes, is  
5 amended by amending subsection (d) to read as follows:

6 "(d) No county surcharge on state tax shall be established  
7 on any:

8 (1) Gross income or gross proceeds taxable under this  
9 chapter at the one-half per cent tax rate;

10 (2) Gross income or gross proceeds taxable under this  
11 chapter at the 0.15 per cent tax rate; [~~or~~

12 ~~(3)] (3) Gross proceeds or income arising from the  
13 manufacture, production, packaging, and sale of food  
14 items within the State, as defined in chapter 237-  
15 ; or~~

16 (4) Transactions, amounts, persons, gross income, or gross  
17 proceeds exempt from tax under this chapter."

18 SECTION 3. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.

20 SECTION 4. This Act, upon its approval, shall apply to  
21 taxable years beginning after December 31, 2009.

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JAN 26 2009



**Report Title:**

Taxation; repeal

**Description:**

Repeals tax on food

