

JAN 23 2009

A BILL FOR AN ACT

RELATING TO A GENERAL EXCISE TAX HOLIDAY.

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

1 SECTION 1. The Legislature recognizes that Hawaii
2 taxpayers are some of the most overburdened taxpayers in the
3 nation. The Legislature further recognizes that the State
4 levies a general excise tax on businesses, rather than a state
5 sales tax on consumers. Currently, several states, including
6 Alabama, Connecticut, Florida, Georgia, Iowa, Louisiana,
7 Missouri, North Carolina, Tennessee, Texas, and Virginia have
8 temporary state sales tax holidays. These state sales tax
9 holidays have been extremely successful in increasing sales and
10 driving new purchases that would not otherwise be made. The
11 purpose of this Act is to create an incentive to stimulate
12 consumer spending within our economy by authorizing a state
13 general excise tax holiday for goods and services sold in the
14 State on the condition that businesses pass the savings on to
15 consumers. While the Legislature recognizes that a state
16 general excise tax holiday creates the illusion of a shortfall
17 in general fund revenues, we emphasize that government is in the



1 process of being trimmed and streamlined because of the hard
2 work and dedication of this Administration to maintain fiscal
3 responsibility. A general excise tax holiday, coupled with
4 reductions in government spending, would allow for the citizens
5 of this State to retain more of their money to spend in more
6 beneficial ways. Thus, the Legislature recognizes that it is
7 appropriate at this time to return money to the people of Hawaii
8 that would otherwise be spent on a bloated, centralized
9 government. A tax holiday would have the effect of stimulating
10 retail sales and giving a further boost to our recovering
11 economy. A general excise tax holiday in Hawaii would help both
12 consumers and retailers alike.

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

16 "§237- Annual tax holiday. (a) Notwithstanding any law
17 to the contrary, taxes under this chapter shall not be due on
18 the sale of retail goods and services, if the sale takes place
19 during the following periods:

20 (1) Beginning at 12:01 a.m. on the first Friday in June
21 2009 and ending at 12 midnight of the Sunday
22 immediately following;



1 (2) Beginning at 12:01 a.m. on the first Friday in
2 September 2009 and ending at 12 midnight of the Sunday
3 immediately following;

4 (3) Beginning at 12:01 a.m. on the first Friday in
5 December 2009 and ending at 12 midnight of the Sunday
6 immediately following;

7 (4) Beginning at 12:01 a.m. on the first Friday in March
8 2010 and ending at 12 midnight of the Sunday
9 immediately following;

10 provided that all savings generated by this section shall be
11 passed on by the seller to the purchaser without any increase in
12 price. This exemption shall apply to the sale of retail goods
13 and services only and not to sales on items that will be resold
14 in any manner.

15 (b) The exemption provided in this section shall not apply
16 to:

17 (1) Rebates, layaway sales, rain checks, or exchanges when
18 the transactions occur before or after the tax holiday
19 period; and

20 (2) Mail, telephone, e-mail, or internet orders with
21 businesses operating outside the state of Hawaii.



1 (c) Articles that are normally sold as a unit shall
 2 continue to be sold in that manner and shall not be priced
 3 separately and sold as individual items to obtain the exemption.

4 (d) Shipping and handling charges shall be included as
 5 part of the sales price of the item.

6 (e) The retailer shall not be required to obtain any
 7 special license, permit, or other documentation of sales during
 8 the exemption holiday period; provided that the retailer's
 9 records shall clearly identify the type of item sold, the date
 10 the item was sold, and the sales price of the item."

11 SECTION 3. New statutory material is underscored.

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

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INTRODUCED BY:

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Report Title:

General Excise Taxes; Holiday

Description:

Establishes a general excise tax holiday for consumers and businesses for retail goods and services sold on condition that businesses pass the savings on to consumers.

