

JAN 21 2011

S.B. NO. 851

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. Several states, including Alabama, Connecticut,
4 Florida, Georgia, Illinois, Iowa, Louisiana, Maryland, Missouri,
5 Mississippi, New Mexico, North Carolina, Oklahoma, South
6 Carolina, Tennessee, Texas, Vermont, and Virginia have temporary
7 state sales tax holidays. These state sales tax holidays have
8 been extremely successful in increasing sales and driving new
9 purchases that would not otherwise be made.

10 The Legislature further recognizes that the State levies a
11 general excise tax on businesses, rather than a state sales tax
12 on consumers. The purpose of this Act is to create an incentive
13 to stimulate consumer spending within our economy by authorizing
14 a state general excise tax holiday for goods and services sold
15 in the State on the condition that businesses pass the savings
16 on to consumers. A general excise tax holiday would allow for
17 the citizens of this State to retain more of their money to
18 spend in more beneficial ways. Thus, the Legislature recognizes



1 that it is appropriate to return money to the people of Hawaii
2 that would otherwise be spent on a bloated, centralized
3 government. A tax holiday would have the effect of stimulating
4 retail sales and giving a further boost to our recovering
5 economy. A general excise tax holiday in Hawaii would help both
6 consumers and retailers alike.

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

10 "§237- Annual tax holiday. (a) Notwithstanding any law
11 to the contrary, taxes under this chapter shall not be due on
12 the sale of retail goods and services, if the sale takes place
13 during the following periods:

14 (1) Beginning at 12:01 a.m. on the first Friday in June
15 2011 and ending at 12 midnight of the Sunday
16 immediately following;

17 (2) Beginning at 12:01 a.m. on the first Friday in
18 September 2011 and ending at 12 midnight of the Sunday
19 immediately following;

20 (3) Beginning at 12:01 a.m. on the first Friday in
21 December 2011 and ending at 12 midnight of the Sunday
22 immediately following;



1 (4) Beginning at 12:01 a.m. on the first Friday in March
2 2012 and ending at 12 midnight of the Sunday
3 immediately following;
4 provided that all savings generated by this section shall be
5 passed on by the seller to the purchaser without any increase in
6 price. This exemption shall apply to the sale of retail goods
7 and services only and not to sales on items that will be resold
8 in any manner.

9 (b) The exemption provided in this section shall not apply
10 to:

11 (1) Rebates, layaway sales, rain checks, or exchanges when
12 the transactions occur before or after the tax holiday
13 period; and

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

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

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

21 (e) The retailer shall not be required to obtain any
22 special license, permit, or other documentation of sales during



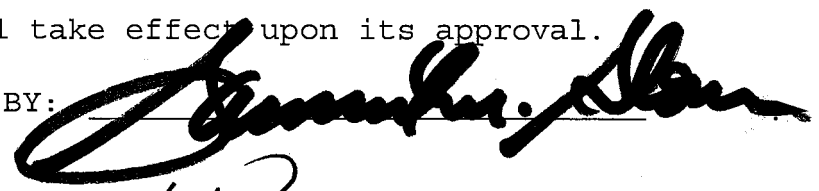
1 the exemption holiday period; provided that the retailer's
2 records shall clearly identify the type of item sold, the date
3 the item was sold, and the sales price of the item."

4 SECTION 3. New statutory material is underscored.

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

6

INTRODUCED BY:



Elizabeth Chan Oakland



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.

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