
HOUSE CONCURRENT RESOLUTION

REQUESTING THE DEPARTMENT OF TAXATION TO CONVENE A WORKING GROUP
TO EVALUATE THE FEASIBILITY OF IMPOSING A SALES TAX ON NON-
ESSENTIAL FOOD ITEMS.

1 WHEREAS, the State of Hawaii needs additional sources of
2 revenue to fulfill its long-term obligations and many
3 underfunded state programs; and
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5 WHEREAS, the State of Hawaii, with its general excise tax
6 and income tax, is ranked among the highest in the nation with
7 regard to the rate of taxation on local businesses and
8 residents; and
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10 WHEREAS, in 2012 alone, nearly 8,000,000 visitors came to
11 Hawaii and spent \$14,300,000,000 in total; and
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13 WHEREAS, in 2011, visitors to Hawaii spent \$2,500,000,000
14 on food and beverages, accounting for 20.7 percent of total
15 visitor spending; and
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17 WHEREAS, 8,000,000 annual visitors are an untapped source
18 of revenue for the State of Hawaii; and
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20 WHEREAS, the state general excise tax rate is low in
21 comparison to sales tax rates that are imposed on retail sales
22 in many other states; and
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24 WHEREAS, the State of Hawaii is committed to protecting the
25 welfare of its citizens, including supporting measures to
26 discourage the consumption of products that result in adverse
27 health consequences, such as diabetes; and
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29 WHEREAS, imposing a tax on the sale of non-essential food,
30 such as food that may be purchased from restaurants, snack
31 shops, vending machines, and discretionary food products sold in



1 grocery stores, could create an additional source of revenue for
2 the State; and

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4 WHEREAS, exempting essential food items, such as meat,
5 dairy products, vegetables, and fruits, from the sales tax would
6 ensure that residents of the State would be able to purchase the
7 groceries that they need; and

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9 WHEREAS, imposing a sales tax on discretionary food would
10 encourage healthier eating habits for residents and visitors
11 alike; and

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13 WHEREAS, imposing a sales tax for the sale of non-essential
14 food at a rate comparable to rates that exist in other states
15 would not be viewed as unreasonable; now, therefore,

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17 BE IT RESOLVED by the House of Representatives of the
18 Twenty-seventh Legislature of the State of Hawaii, Regular
19 Session of 2013, the Senate concurring, that the Department of
20 Taxation is requested to convene a working group to evaluate the
21 feasibility of imposing a sales tax on non-essential food items,
22 in lieu of the state general excise tax; and

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24 BE IT FURTHER RESOLVED that the Director of Taxation is
25 requested to serve as the chairperson of the working group and
26 to select, as members of the working group, representatives of
27 the:

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29 (1) Department of Health;

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31 (2) State Tax Review Commission;

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33 (3) Department of Human Nutrition, Food and Animal
34 Sciences of the College of Tropical Agriculture and
35 Human Resources of the University of Hawaii at Manoa;

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37 (4) Council on Revenues;

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39 (5) Retail Merchants of Hawaii; and

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41 (6) Hawaii Food Industry Association; and

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43 BE IT FURTHER RESOLVED that, as part of its evaluation, the
44 working group is requested to develop:



- 1 (1) A procedure for imposing a sales tax on non-essential
2 food items;
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4 (2) An appropriate sales tax rate; and
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6 (3) Revenue projections for the sales tax; and
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8 BE IT FURTHER RESOLVED that the working group is requested
9 to submit a report of its findings and recommendations,
10 including any proposed legislation, to the Legislature no later
11 than 20 days prior to the convening of the Regular Session of
12 2014; and
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14 BE IT FURTHER RESOLVED that certified copies of this
15 Concurrent Resolution be transmitted to the Director of
16 Taxation, Director of Health, Chairperson of the State Tax
17 Review Commission, Dean of the College of Tropical Agriculture
18 and Human Resources of the University of Hawaii at Manoa,
19 Chairperson of the Council on Revenues, Chairperson of the
20 Executive Committee of the Retail Merchants of Hawaii, and
21 Executive Director of the Hawaii Food Industry Association.

