
HOUSE 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
32 grocery stores, could create an additional source of revenue for
33 the State; and



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

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6 WHEREAS, imposing a sales tax on discretionary food would
7 encourage healthier eating habits for residents and visitors
8 alike; and

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

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

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

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26 (1) Department of Health;
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28 (2) State Tax Review Commission;
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30 (3) Department of Human Nutrition, Food and Animal
31 Sciences of the College of Tropical Agriculture and
32 Human Resources of the University of Hawaii at Manoa;
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34 (4) Council on Revenues;
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36 (5) Retail Merchants of Hawaii; and
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38 (6) Hawaii Food Industry Association; and

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

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43 (1) A procedure for imposing a sales tax on non-essential
44 food items;



1 (2) An appropriate sales tax rate; and

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3 (3) Revenue projections for the sales tax; and

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5 BE IT FURTHER RESOLVED that the working group is requested
6 to submit a report of its findings and recommendations,
7 including any proposed legislation, to the Legislature no later
8 than 20 days prior to the convening of the Regular Session of
9 2014; and

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11 BE IT FURTHER RESOLVED that certified copies of this
12 Resolution be transmitted to the Director of Taxation, Director
13 of Health, Chairperson of the State Tax Review Commission, Dean
14 of the College of Tropical Agriculture and Human Resources of
15 the University of Hawaii at Manoa, Chairperson of the Council on
16 Revenues, Chairperson of the Executive Committee of the Retail
17 Merchants of Hawaii, and Executive Director of the Hawaii Food
18 Industry Association.

