

JAN 20 2016

A BILL FOR AN ACT

RELATING TO TAXATION.

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- Amounts not taxable for food or food ingredients.

5 (a) The excise tax assessed under this chapter shall not apply
6 to amounts received for food or food ingredients and shall
7 specifically exclude from the excise tax food or food
8 ingredients received as:

9 (1) In the case of persons sixty years of age or over or
10 who receive supplemental security income benefits or
11 disability or blindness payments under title I, II, X,
12 XIV, or XVI of the Social Security Act and their
13 spouses, meals prepared by and served in senior
14 citizens' centers, apartment buildings occupied
15 primarily by such persons, public or private nonprofit
16 establishments that feed such persons, private
17 establishments that contract with the appropriate



1 agency of the State to offer meals for such persons,
2 and meals prepared for and served to residents of
3 federally subsidized housing for the elderly;

4 (2) In the case of persons sixty years of age or over and
5 persons who are physically or mentally handicapped or
6 otherwise so disabled that they are unable to
7 adequately prepare all of their meals, meals prepared
8 for and delivered to them and their spouses at their
9 home by a public or private nonprofit organization;

10 (3) In the case of disabled or blind recipients of
11 benefits under title I, II, X, XIV, or XVI of the
12 Social Security Act, who are residents in a public or
13 private nonprofit group living arrangement that serves
14 no more than sixteen residents and is certified by the
15 appropriate state agency or agencies, meals prepared
16 and served under such an arrangement;

17 (4) In the case of women and children temporarily residing
18 in public or private nonprofit shelters for battered
19 women and children, meals prepared and served by such
20 shelters; and



1 (5) In the case of households that do not reside in
2 permanent dwellings and households that have no fixed
3 mailing addresses, meals prepared for and served by a
4 public or private nonprofit establishment approved by
5 an appropriate state or local agency that feeds such
6 individuals and by private establishments that
7 contract with the appropriate agency of the State to
8 offer meals for such individuals.

9 (b) Excise taxes assessed on alcoholic beverages, dietary
10 supplements, prepared food, and tobacco shall not be exempt from
11 this chapter pursuant to this section.

12 (c) As used in this section:

13 "Alcoholic beverages" means beverages that are suitable for
14 human consumption and contain one-half of one per cent or more
15 of alcohol by volume.

16 "Dietary supplement" means any product, other than tobacco,
17 intended to supplement the diet that:

18 (1) Contains one or more of the following dietary
19 ingredients:

20 (A) A vitamin;

21 (B) A mineral;



S.B. NO. 2006

- 1 (C) An herb or other botanical element;
- 2 (D) An amino acid; or
- 3 (E) A dietary substance for use by humans to
- 4 supplement a person's diet by increasing the
- 5 total dietary intake; or a concentrate,
- 6 metabolite, constituent, extract, or combination
- 7 of any ingredient described in this definition;
- 8 (2) Is intended for ingestion in tablet, capsule, powder,
- 9 softgel, gelcap, or liquid form, or if not intended
- 10 for ingestion in such form, is not represented as
- 11 conventional food and is not represented for use as a
- 12 sole item of a meal or of a diet; and
- 13 (3) Is required to be labeled as a dietary supplement,
- 14 identifiable by the "supplement facts" box found on
- 15 the label as required pursuant to title 21 Code of
- 16 Federal Regulations section 101.36, as amended or
- 17 renumbered.

18 "Food" or "food ingredients" means substances, whether in
19 liquid, concentrated, solid, frozen, dried, or dehydrated form,
20 that are sold for ingestion or chewing by humans and are
21 consumed for their taste or nutritional value. Food or food



1 ingredients does not include food or food ingredients sold from
2 a vending machine, whether cold or hot, alcoholic beverages,
3 dietary supplements, prepared food, or tobacco.

4 "Prepared food" means:

5 (1) Food sold in a heated state or heated by the seller;

6 (2) Food sold with eating utensils provided by the seller,

7 including plates, bowls, chopsticks, knives, forks,

8 spoons, glasses, cups, napkins, or straws. A plate

9 does not include a container or packaging used

10 exclusively to transport the food; or

11 (3) Two or more food ingredients mixed or combined by the

12 seller for sale as a single item, except:

13 (A) Food that is only cut, repackaged, or pasteurized

14 by the seller; or

15 (B) Raw eggs, fish, meat, poultry, or foods

16 containing these raw animal foods requiring

17 cooking by the consumer as recommended by the

18 federal Food and Drug Administration in chapter

19 3, part 401.11 of the Food Code, published by the

20 Food and Drug Administration, as amended or

21 renumbered, to prevent foodborne illness.



S.B. NO. 2006

1 Prepared food does not include food sold in an unheated
 2 state by weight or volume as a single item or bakery items, such
 3 as bread, rolls, buns, biscuits, bagels, croissants, pastries,
 4 donuts, Danish, cakes, tortes, pies, tarts, muffins, bars,
 5 cookies, or tortillas.

6 "Tobacco" means cigarettes, cigars, chewing or pipe
 7 tobacco, or any other item that contains tobacco."

8 SECTION 2. New statutory material is underscored.

9 SECTION 3. This Act, upon its approval, shall apply to
 10 taxable years beginning after December 31, 2016.

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INTRODUCED BY: Shiranne Azim Alkhalaf

[Handwritten signature]

Amir de Bora

Paul R. Bell

Michelle Sidani



S.B. NO. 2006

Report Title:

General Excise Tax; Food; Exemption

Description:

Provides a general excise tax exemption for certain food or food ingredients.

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