

JAN 19 2018

A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAX EXEMPTIONS.

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

1 SECTION 1. The legislature finds that the cost of living
2 in Hawaii is extremely high and too many residents are
3 struggling to pay for housing, food, and medication. Much
4 attention is currently being given to building more affordable
5 housing, which is needed, but will take a significant amount of
6 time to provide relief to residents.

7 The legislature further finds that one way Hawaii can
8 provide immediate relief from the high cost of living is to
9 exempt groceries that are eligible under the Supplemental
10 Nutrition Assistance Program (SNAP) of the United States
11 Department of Agriculture. This exemption would provide the
12 greatest relief to lower-income residents, who tend not to eat
13 out, while maintaining tax revenues from our visitor population
14 who do tend to eat out. In addition, limiting the exemption to
15 food eligible under SNAP encourages people to eat healthy foods,
16 which may result in improved public health. Lastly, this
17 exemption can be implemented at little to no cost, as every



1 grocery store and convenience store has already coded foods that
2 are eligible under SNAP.

3 The legislature additionally finds that exempting
4 prescription medications from the general excise tax will
5 provide immediate relief to our kupuna on fixed incomes and ill
6 residents who may be forced to take leave from work and are
7 living on a reduced income.

8 The purpose of this Act is to establish a general excise
9 tax exemption on the gross proceeds or income from the sale of
10 groceries that are eligible under SNAP and prescription drugs.

11 SECTION 2. Chapter 237, Hawaii Revised Statutes, is
12 amended by adding two new sections to be appropriately
13 designated and to read as follows:

14 "§237- Supplemental Nutrition Assistance Program
15 eligible groceries exemption. (a) There shall be exempted
16 from, and excluded from the measure of, the taxes imposed by
17 this chapter all of the gross proceeds or income arising from
18 the sale of Supplemental Nutrition Assistance Program eligible
19 groceries within the State.

20 (b) For purposes of this section, the following terms
21 shall have the following meanings:



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

4 "Dietary supplements" means nutritional food supplements
5 that are intended to provide nutrients that are missing from a
6 person's diet or nutrients that are not consumed in sufficient
7 quantity, such as vitamins, minerals, fiber, fatty acids, or
8 amino acids.

9 "Food" or "food product" means substances, whether in
10 liquid, concentrated, solid, frozen, dried, or dehydrated form,
11 that are sold for ingestion or chewing by humans and are
12 consumed for their taste or nutritional value. "Food" or "food
13 product" does not include alcoholic beverages, tobacco, prepared
14 food, soft drinks, or dietary supplements.

15 "Groceries" means any food or food product for home
16 consumption. The term "groceries" may be further defined by the
17 department by rule through the enumeration of items in rules or
18 tax informational releases; provided that the department shall
19 consult with the federal Food and Nutrition Service of the
20 United States Department of Agriculture in further defining the



1 term "groceries" for purposes of the Supplemental Nutrition
2 Assistance Program.

3 "Soft drinks" means non-alcoholic beverages that contain
4 natural or artificial sweeteners. "Soft drinks" does not
5 include beverages that contain:

6 (1) Milk or milk products;

7 (2) Soy, rice, or similar milk substitutes; or

8 (3) Greater than fifty per cent vegetable or fruit juice
9 by volume.

10 §237- Prescription drug exemption. There shall be
11 exempted from, and excluded from the measure of, the taxes
12 imposed by this chapter all of the gross proceeds or income
13 arising from the sale of prescription drugs, as defined in
14 section 328-1."

15 SECTION 3. New statutory material is underscored.

16 SECTION 4. This Act shall take effect on July 1, 2018.

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S.B. NO. 2332

Report Title:

General Excise Tax; Supplemental Nutrition Assistance Program;
Groceries; Prescription Drugs; Exemption

Description:

Establishes a general excise tax exemption for the gross proceeds or income from the sale of groceries that are eligible under the Supplemental Nutrition Assistance Program and prescription drugs.

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