

JAN 24 2019

A BILL FOR AN ACT

RELATING TO SCHOOL SUPPLIES.

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

1 SECTION 1. The legislature finds that Hawaii taxpayers are
2 some of the most overburdened taxpayers in the nation. This
3 burden is most severe when consumers are taxed on critical items
4 needed for school. Several states, including Alabama,
5 Connecticut, Florida, Georgia, Illinois, Iowa, Louisiana,
6 Maryland, Missouri, Mississippi, New Mexico, North Carolina,
7 Oklahoma, South Carolina, Tennessee, Texas, Vermont, and
8 Virginia, have temporary state sales tax holidays. A general
9 excise tax holiday would allow for the citizens of this State to
10 retain more of their money to spend in more beneficial ways. A
11 school supply tax holiday would have the effect of stimulating
12 retail sales and would help consumers and retailers alike.

13 The legislature further recognizes that the State levies a
14 general excise tax on businesses, rather than a state sales tax
15 on consumers. The purpose of this Act is to authorize a state
16 general excise tax holiday for school supplies sold in the State



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1 prior to the start of the school year on the condition that
2 businesses pass the savings on to consumers.

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

6 "§237- School supply tax holiday. (a) Notwithstanding
7 any law to the contrary, taxes under this chapter shall not be
8 due on the sale of school supplies if the sale takes place
9 between 12:01 a.m. on the last Friday prior to students' first
10 day of public school, as designated on the department of
11 education official school calendar, and ending at 12 midnight of
12 the Sunday immediately following that Friday; provided that all
13 savings generated by this section shall be passed on by the
14 seller to the purchaser without any increase in price. This
15 exemption shall apply to the sale of school supplies only and
16 not to sales on items that will be resold in any manner.

17 (b) The exemption provided in this section shall not apply
18 to:

19 (1) Rebates, layaway sales, rain checks, or exchanges when
20 the transactions occur before or after the tax holiday
21 period; and



1 (2) Mail, telephone, electronic mail, or internet orders
2 with businesses operating outside the State of Hawaii.

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

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

8 (e) The retailer shall not be required to obtain any
9 special license, permit, or other documentation of sales during
10 the exemption holiday period; provided that the retailer's
11 records shall clearly identify the type of item sold, the date
12 the item was sold, and the sales price of the item.

13 (f) For purposes of this section, "school supply" means an
14 item commonly used by a student in a course of study and
15 includes the items set out in the following all-inclusive list:
16 binders, book bags, calculators, cellophane tape, blackboard
17 chalk, compasses, composition books, crayons, erasers,
18 expandable folders, pocket folders, plastic folders, manila
19 folders, glue, paste, paste sticks, highlighters, index cards,
20 index card boxes, legal pads, lunch boxes, markers, notebooks,
21 loose leaf ruled notebook paper, copy paper, graph paper,




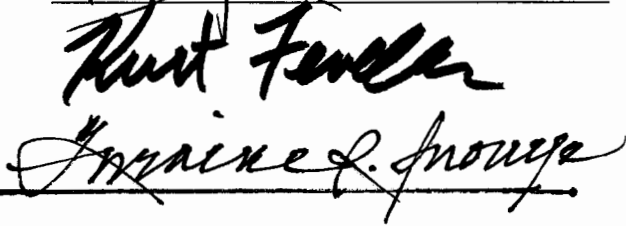
1 tracing paper, manila paper, colored paper, poster board,
2 construction paper, pencil boxes and other school supply boxes,
3 pencil sharpeners, pencils, pens, protractors, rulers, scissors,
4 and writing tablets. "School supply" excludes all items not
5 listed in this definition."

6 SECTION 3. New statutory material is underscored.

7 SECTION 4. This Act shall take effect on July 1, 2019.

8

INTRODUCED BY:



S.B. NO. 1158

Report Title:

General Excise Taxes; Tax Holiday; School Supplies

Description:

Establishes a general excise tax holiday for consumers and businesses for school supplies sold during the weekend prior to the start of the school year on condition that businesses pass the savings on to consumers.

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