
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 tax holiday on the sale of school supplies would have the effect
12 of stimulating retail sales and would help consumers and
13 retailers alike.

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



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 during the period beginning at 12:01 a.m. on the last Friday in
10 July of each year and ending at 11:59 p.m. of the Sunday
11 immediately following that Friday; provided that all savings
12 generated by this section shall be passed on by the seller to
13 the purchaser without any increase in price. This exemption
14 shall apply to the retail sale of school supplies only and not
15 to sales on items that will be resold in any manner.

16 (b) The exemption provided in this section shall not apply
17 to rebates, layaway sales, rain checks, or exchanges when the
18 transactions occur before or after the tax holiday period.

19 (c) The exemption provided in this section shall apply
20 only to businesses operating with a general excise tax license
21 from the department.



1 (d) Multiple articles that are normally sold as a
2 collective unit shall continue to be sold in that manner and
3 shall not be priced separately and sold as individual items to
4 qualify for the exemption.

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

7 (f) A retailer shall not be required to obtain any special
8 license, permit, or other documentation of sales during the
9 exemption holiday period; provided that the retailer has a
10 general excise tax license; provided further 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 (g) For purposes of this section, "school supply" means:
14 binders, book bags, textbooks, calculators, cellophane tape,
15 blackboard chalk, compasses, composition books, crayons,
16 erasers, expandable folders, pocket folders, plastic folders,
17 manila folders, glue, paste, paste sticks, highlighters, index
18 cards, index card boxes, legal pads, lunch boxes, markers,
19 notebooks, loose leaf ruled notebook paper, copy paper, graph
20 paper, tracing paper, manila paper, colored paper, poster board,
21 construction paper, pencil boxes and other school supply boxes,



1 pencil sharpeners, pencils, pens, protractors, rulers, scissors,
2 and writing tablets. "School supply" excludes all items not
3 listed in this definition."

4 SECTION 3. New statutory material is underscored.

5 SECTION 4. This Act shall take effect on July 1, 2112.



Report Title:

General Excise Tax; Tax Holiday; School Supplies

Description:

Establishes a general excise tax holiday for consumers and businesses for school supplies sold during the weekend beginning with the last Friday in July; provided that businesses pass the savings on to consumers. (SB1158 HD1)

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