



STATE OF HAWAII
STATE COUNCIL
ON DEVELOPMENTAL DISABILITIES
1010 RICHARDS STREET, Room 122
HONOLULU, HAWAII 96813
TELEPHONE: (808) 586-8100 FAX: (808) 586-7543
February 10, 2023

The Honorable Representative Daniel Holt, Chair
House Committee on Economic Development
And
The Honorable Representative Della Au Belatti, Chair
House Committee on Health and Homelessness
The Thirty-Second Legislature
State Capitol
State of Hawai'i
Honolulu, Hawai'i 96813

Dear Representative Holt, Representative Belatti and Committee Members:

SUBJECT: HB1050 RELATING TO GENERAL EXCISE TAX EXEMPTIONS.

The Hawaii State Council on Developmental Disabilities **SUPPORTS HB1050**, which exempts certain groceries, feminine hygiene products, incontinence products, and over-the-counter drugs from the general excise tax.

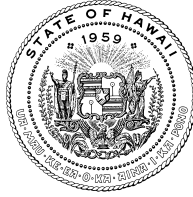
Individuals with Intellectual/Developmental Disabilities (I/DD) living in a licensed or certified home only receive a \$50 per month personal needs allowance for their monthly incidental expenditures, which has not been increased since 2007. This allowance is for the individual to use on incidental items the individuals may want, such as: telephone expenditures, hobbies, haircuts, clothing, snacks, eating out, bus fare, etc. However, these individuals usually have little money left to spend after paying for essential items, such as feminine hygiene products.

People living in these circumstances should not be forced to use half of their allowance on feminine hygiene products or other essential items of their choice. Any decrease in the cost of these items can help support our individuals who require these products in their daily lives.

Thank you for the opportunity to submit testimony in **support of HB1050**.

Sincerely,

Daintry Bartoldus
Executive Administrator



EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

House Committees on Economic Development and Health & Homelessness

Friday, February 10, 2023

9:05 a.m.

State Capitol, Conference Room 329 and Videoconference

In Strong Support

H.B. No. 1050, Relating to General Excise Tax Exemptions

Chairs Holt and Belatti, Vice Chairs Lamosao and Takenouchi, and members of the House Committees on Economic Development and Health & Homelessness:

The Office of the Governor strongly supports H.B. No. 1050, Relating to General Excise Tax Exemptions.

This legislation is about increasing access to food and necessities in our State. Under this bill, certain groceries, over-the-counter medicines, health products, and incontinence products will be exempt from the general excise tax. Consumers will benefit from the tax exemption at the point of sale. In this regard, H.B. No. 1050 will provide immediate financial relief to individuals and families in their daily lives.

Hawaii's cost of living is well-documented. With Hawaii's cost of living the highest in the country at nearly twice the national average, H.B. No. 1050, coupled with other tax relief measures and financial supports, will aid communities across our State, particularly Hawaii's working and neediest families and individuals. This measure is aimed at tackling financial hardship and inequality in our State and enhancing the lives of residents.

For those who are concerned about where their next meal may be and others who are also struggling financially, or those who are trying to manage their household budgets, this bill will lower one's grocery bill of purchases of fruits, vegetables, meat, bread, milk, and other necessities as well as purchases of over-the-counter medicine and feminine hygiene products.

Testimony of Office of the Governor

H.B. No. 1050

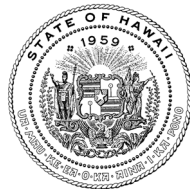
February 10, 2023

Page 2

The Governor acknowledges that there are those who prefer to look at tax credits and tax restructuring as a more targeted approach to helping low- and middle-income families rather than a broad exemption. The Governor is also supportive of this approach and has introduced H.B. No. 1049, Relating to Income Tax, as an alternative approach for the Legislature to consider.

Thank you very much for the opportunity to provide testimony on this measure.

JOSH GREEN, M.D.
GOVERNOR



LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEES ON ECONOMIC DEVELOPMENT
AND HEALTH & HOMELESSNESS
ON
HOUSE BILL NO. 1050

February 10, 2023
9:05 a.m.
Room 329 and Videoconference

RELATING TO GENERAL EXCISE TAX EXEMPTIONS

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 1050 proposes to exempt certain groceries, feminine hygiene products, incontinence products, and over-the-counter drugs from the general excise tax. Although this is an Administration proposal, from a cost-effectiveness perspective, B&F strongly believes that the targeted approach in the Green Affordability Program, House Bill No. 1049, is a more suitable option in providing needed financial relief to Hawai'i's residents.

Thank you for your consideration of our comments.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau

P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

GARY S. SUGANUMA
DIRECTOR

KRISTEN M. R. SAKAMOTO
DEPUTY DIRECTOR

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 1050, Relating to General Excise Tax Exemptions

BEFORE THE:

House Committee on Economic Development and House Committee on Health & Homelessness

DATE: Friday, February 10, 2023

TIME: 9:05 a.m.

LOCATION: State Capitol, Room 329

Chairs Holt and Belatti, Vice-Chairs Lamosao and Takenouchi, and Members of the Committees:

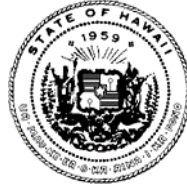
The Department of Taxation ("Department") supports the intent of S.B. 1348, an Administration measure, and provides the following comments for your consideration.

H.B. 1050 adds a new section to chapter 237, Hawaii Revised Statutes, (HRS), exempting from the general excise tax (GET) certain groceries, feminine hygiene product, incontinence products, and over-the-counter medicines. This measure takes effect on January 1, 2024.

The Department supports the Administration's initiative to lower the cost of living in Hawai'i, which this bill is intended to address, but prefers H.B. 1049, which is more targeted to provide tax relief to working families.

The Department further notes that it is able to implement the changes in this bill by the current effective date. Thank you for the opportunity to provide comments.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



CATHY BETTS
DIRECTOR
KA LUNA HO'OKELE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWELAWE KANAKA
Office of the Director
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 9, 2023

TO: The Honorable Representative Daniel Holt, Chair
House Committee on Economic Development

The Honorable Representative Della Au Belatti, Chair
House Committee on Health & Homelessness

FROM: Cathy Betts, Director

SUBJECT: **HB 1050 – RELATING TO GENERAL EXCISE TAX EXEMPTIONS.**

Hearing: February 9, 2023, 9:05 a.m.
Conference Room 329 & Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports this administration measure, provides comments, and defers to the Department of Budget & Finance.

PURPOSE: This bill exempts certain groceries, feminine hygiene products, incontinence products, and over-the-counter drugs from the general excise tax.

Exempting incontinence products from the general excise tax will give Hawaii's residents some financial relief. The cost of hygiene and incontinence products, including children's diapers, continues to rise, with some reports stating that children's diapers increased by [13%](#) in July 2022 over the previous year. Other studies report how [women and low-income populations](#) are more impacted by incontinence and the cost of incontinence supplies.

Thank you for the opportunity to provide comments on this measure.



HIPHI Board

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Coalition for a
Tobacco-Free Hawai'i

Community Health
Worker Initiative

COVID-19 Response

Hawai'i Drug & Alcohol-Free
Coalitions

Hawai'i Farm to School Hui

Hawai'i Oral Health Coalition

Hawai'i Public Health Training Hui

Healthy Eating + Active Living

Kūpuna Collective

Date: February 7, 2023

To: Representative Daniel Holt, Chair
Representative Rachele F. Lamosao, Vice Chair
Members of the Committee on Economic Development

Representative Della Au Belatti, Chair
Representative Jenna Takenouchi, Vice-Chair

Re: Support HB 1050 Relating to General Excise Tax Exemptions

Hrg: Friday, February 10, 2023, at 9:05 AM, Conf Rm 329

The Hawai'i Public Health Institute is in **Support of HB 1050**, which exempts feminine hygiene products and other essentials from the general excise tax.

Eliminating the general excise on feminine hygiene and other essential products, such as certain groceries, incontinence products, and over-the-counter medication, offsets the regressive nature of sales taxes and decreases the financial burden on people who need them. This policy will help to support Asset Limited, Income Constrained Employed (ALICE) families. These families have limited financial resources and are just above the maximum threshold to be eligible for programs that help support their basic needs.

These products are essential. Over-the-counter medicines address a variety of symptoms that do not need to be treated with prescription medication. Without incontinence and menstrual products, those who need them cannot fully participate in society, missing work or school. In addition, reusing or wearing these products for too long can lead to infection.

Thank you for the opportunity to provide testimony in support of SB 1050.

Mahalo,

A handwritten signature in black ink that reads 'Peggy Mierzwa'.

Peggy Mierzwa
Policy & Advocacy Director
Hawaii Public Health Institute

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: General Excise Tax; Exemptions; Groceries; Health Products

BILL NUMBER: SB 1348, HB 1050 [GOV-02]

INTRODUCED BY: SB by KOUCHI, HB by SAIKI (Governor's Package)

EXECUTIVE SUMMARY: Exempts certain groceries, feminine hygiene products, incontinence products, and over-the-counter drugs from the general excise tax.

SYNOPSIS: Adds two new sections to chapter 237, HRS.

The first establishes an exemption for gross proceeds derived from the sale of groceries, which is defined to mean products eligible to be purchased with the United States Department of Agriculture's Supplemental Nutrition Assistance Program benefits.

The second establishes an exemption for feminine hygiene products, incontinence products, and over-the-counter medicines. The exempt items are defined as follows.

"Feminine hygiene products" means a sanitary napkin, sanitary towel, tampon, panty liner, douche, feminine hygiene syringe, menstrual cup, sanitary pad, or vaginal cream, foam, ointment, jelly, powder, or spray used for hygiene purposes.

"Incontinence products" means an absorbent single-use garment worn by humans who are incapable of, or have difficulty, controlling their bladder or bowel movements and includes an absorbent single-use product, not worn on the body, designed to protect furniture or other tangible personal property from soiling or damage due to human incontinence.

"Over-the-counter medicines" means over-the-counter drugs regulated by the United States Food and Drug Administration as safe and effective for use by humans.

EFFECTIVE DATE: January 1, 2024

STAFF COMMENTS: For the food exemption, we observe that existing law, section 237-24.3(5), already exempts purchases made with USDA food vouchers under the federal food stamp program (now Supplemental Nutrition Assistance Program or SNAP) and the Special Supplemental Foods Program for Women, Infants and Children (WIC). Grocery stores and the Department thus already have some idea of what kinds of foods are allowed under SNAP and WIC. Defining a grocery exemption in this manner appears to be reasonable and along the line of least resistance.

For the second exemption, existing law, namely section 237-24.3(6), exempts sales of prescription drugs and prosthetic devices. Over-the-counter medicines and products, whether to promote male or female health, are not exempt. Thus, Tax Information Release 86-4 states that "sales of items or merchandise considered not exempt include over-the-counter drugs sold

without a prescription or drugs to be used for animals or other pets; medical supplies and devices such as bandages, thermometers, hypodermic needles, diaphragm syringes, gauzes, orthopedic support, inhalation extender devices, food products/supplements, dietary supplements, prophylactics, contact lens preparations, and the like.” We wonder what is the policy justification for singling out feminine hygiene products, incontinence products, and over-the-counter drugs for the additional exemption. If the intent is to exempt “essentials,” is enough of these being included for exemption?

Digested: 2/1/2023



The Thirty-Second Legislature, State of Hawaii
House Committee on Economic Development
Honorable Chair Daniel Holt
Honorable Vice Chair Rachele Lamosao
Committee Members

House Committee on Health & Homelessness
Honorable Chair Della Au Belatti
Honorable Vice Chair Jenna Takenouchi
Committee Members

Friday, February 10, 2023, 9:05 am

RE: Support for HB1050 - Relating to Exemption on Certain Groceries, Feminine Hygiene Products, Incontinence Products, and Over-The-Counter Drugs from the General Excise Tax

Dear Chair San Buenaventura, Vice Chair Aquino, and members of the Committee,

Ma'i Movement Hawai'i **strongly supports HB1050**, which serves to include exemption of feminine hygiene products from the general excise tax. Ma'i Movement Hawai'i is a locally grown organization committed to addressing menstrual inequity and ending period poverty, or the inability to buy and access menstrual products, due to factors including but not limited to financial constraints, lack of education, societal shame or stigma, and inadequate access to a clean facilities to maintain proper hygiene.

Ma'i Movement Hawai'i recognizes the all-encompassing societal challenges inherent in tackling the broader issue of period poverty and menstrual inequity that disproportionately affects students, low-income and houseless girls and women, trans and gender non-conforming individuals, and those that are incarcerated. We are particularly concerned with modeling estimates from the [Alice in Hawai'i: 2022 Fact and Figures report](#) that the number of Hawai'i households that are struggling to make ends meet reached a new high in 2022, at 44% households. Equally concerning, 15% of households have income below the federal poverty level, which represented a sharp increase from 9% in 2018.

The most recent data collected in Hawai'i from the US Census Bureau in the last seven days is even more alarming and provides a deeper understanding of economic conditions and policy effects in Hawai'i. According to recent data in the past month from the [Household Pulse Survey](#), 64% of local households report difficulties paying for usual household expenses and 61% reporting difficulties are biologically female. In households with an income less than \$34,999, 80% had some difficulty and nearly 1-in-4 households, or 24%, found it very difficult. Even at the higher income bracket of \$100,000-\$149,999, 64% report difficulties paying usual household expenses.

We know from our work that those struggling to meet basic needs are likely to be the same individuals impacted by period poverty. Period poverty and menstrual inequity are a direct result of socioeconomic, gender, and racial injustices. The [2021 report conducted by Hawai'i State Commission on the Status of Women and Ma'i Movement Hawai'i](#) revealed the extent of the issue in the state. The exceptionally high cost of living and wage gap for women specifically exacerbate period poverty in Hawai'i. 90% of respondents believe period products are expensive and nearly 30% of respondents reported that they or someone in their household experienced difficulty obtaining period products, of which cost was the most cited reason. Menstruation impacts participation in work and school with half of respondents reporting missing school or work because of it. Additionally, 95% of respondents believe the government should remove the tax on period products.

Imposing a tax on period products is essentially imposing a tax on menstruating individuals, including but not limited to girls, women, trans and gender non-conforming individuals. While there are no over-the-counter products to promote male health that are exempt from GET, other medical products such as erectile dysfunction medication which is primarily used by men, is tax exempt in Hawai'i. Furthermore, the proposed exemption would not create inequality but correct it. Regardless if a menstruator is a high or low-income earner, they will bear a greater and consistent economic burden compared to a non-menstruating individual simply because of their biology. It is well-established in our statewide and other national reports that inadequate access to period products prevents menstruators from leading full, productive lives. Any opportunity to address inequity and create equality should be seriously considered, and we would expect such consideration if there were an over-the-counter hygiene product for the opposite sex that impacted their full participation in society.

Period products are tax-free in 28 states. Between 2016 and 2022, states, such as Nevada, New York, Florida, Connecticut, Illinois, Ohio, Utah, and Washington, have eliminated taxes on these items. Hawai'i collects approximately [\\$0.8 million](#) from the sales tax on menstrual products. Meanwhile, record-high revenues last year yielded a [budget surplus of \\$2 billion](#). The tampon tax amounts to less than [.004%](#) of Hawai'i's total revenue, the smallest percentage of any state in the US.

HB1050 is an initiative that takes steps to end period poverty in Hawai'i. The effort to exempt period products from the general excise tax would take steps to address:

- **Equality** - Taxing period products is unfair and inequitable to those who menstruate and those who do not. Such taxes target those who menstruate and therefore have a discriminatory effect.
- **Public Health** - Access to proper period products is crucial to women's and menstruator's health. It has been established that lack of proper menstrual hygiene is linked to many types of infections. (Sumpter & Torondel 2013; House et al. 2013; Sommer et al. 2015). The American Medical Association has even advocated for exempting menstrual hygiene products from sales taxes because "menstrual hygiene products are essential for women's health" (AMA 2016).
- **Affordability and Accessibility** - A [2018 study](#) analyzing the 2005 elimination of menstrual hygiene products from the sales tax base in New Jersey found that low-income consumers enjoy a benefit from the exemption by more than the size of the repealed tax. For high-income consumers, the tax break is shared equally with producers. The results suggest exempting period products from the general excise tax would remove an unequal tax burden and make period products more accessible. (Cotropia, 2018).

- **Basic Needs** - Currently, recipients of benefits provided under the Supplemental Nutrition Assistance Program, Women, Infant, and Children (WIC) program, and the Temporary Assistance for Needy Families program cannot use their benefits to purchase period products and other basic hygienic products. We have anecdotal evidence that recipients subject themselves to unhygienic alternatives or exchange food for period products because of restrictions with government assistance for the most basic needs.

We urge you to support **HB1050** and welcome you to contact us with any additional questions you may have. Mahalo for your leadership and service to Hawai'i!

Aloha,

Nikki-Ann Yee
Co-Founder & President
Ma'i Movement Hawai'i



1050 Bishop St. PMB 235 | Honolulu, HI 96813
P: 808-533-1292 | e: info@hawaiiifood.com

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John Schilf, Rainbow Sales and Marketing, *Advisor*
Paul Kosasa, ABC Stores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, Odom, *Advisor*
Charlie Gustafson, Tamura Super Market, *Immediate Past Chair*

TO: Committee on Economic Development and Committee on Health and Human Services

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: Friday, February 10, 2023
TIME: 9:05am
PLACE: Via Videoconference

RE: HB1050 Relating to Excise Tax Exemptions

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

HFIA is in support of this measure. Exempting groceries from the GET has a range of benefits for Hawaii consumers.

Benefit lower income households the most –

Lower income households spend a higher percentage of their income on food and essential items. Taxes on these items disproportionately impact lower income Hawaii families. This is the definition of a regressive tax.

While some lower income Hawaii residents are eligible for the Refundable Food Excise Tax credit, this amount is a flat rate and does not reflect the actual amount that their household may have spent on food taxes during the year. A single individual making over \$30,000 a year qualifies for \$0 in Refundable Food Excise Tax credit. A married couple making \$41,000 a year qualifies for \$35 in Refundable Food Excise Tax Credit. This is nowhere near the amount of money these individuals and families spend on grocery taxes per year. According to a recent study, cited in a Sep. 14th 2022 KHON story entitled, "Hawaii tops list for most expensive grocery bills," the average person in Hawaii spends \$556.76 per month on groceries just for themselves.

Households with a shopping budget similar to the USDA's Thrifty Food Plan spend about \$800 a year on grocery taxes alone. Exempting groceries from the GET would mean these families'



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Joe Carter, Coca-Cola Bottling of Hawaii, *Immediate Past Chair*

grocery budget would increase by about \$15 a week. This can mean more food, healthier food, more diverse food, and more local food on Hawaii families' tables.

Combat food insecurity-

A new study co-authored by Harry Kaiser, the Gellert Family Professor at the Cornell Charles H. Dyson School of Applied Economics and Management, finds that even a slight grocery tax-rate increase could be problematic for many. "An increase of 1% to 4% may sound small, but after several trips to the grocery store, the extra costs can create serious burdens for the lowest-income families," Kaiser said. "We found that even the slightest increase in tax rate correlated to an increased likelihood of food insecurity. Grocery taxes that rose by just one percentage point led to a higher risk of hunger in households."

Lower cost of living for all Hawaii residents –

Hawaii has the highest cost of living of any U.S. state. Eliminating the GET on food is a way to immediately bring down the cost of living for all Hawaii residents. The high price of energy, real estate, and cost of shipping impacts Hawaii residents and visitors of all income levels. Many factors impacting our high prices are out of our control. However, eliminating the GET on groceries is within the State's control. Even middle income people are struggling in Hawaii, they deserve to not pay taxes on essential items such as Groceries and OTC medications just like the vast majority of or residents in the United States.

Exempting SNAP eligible groceries from the GET is easy for retailers to implement. These items are already coded into point of sales systems so it is straightforward to program these systems not to apply taxes to these items. This is an efficient way to make food more affordable and bring down the cost of living for Hawaii consumers.

Put Hawaii on par with the rest of the United States –

Shoppers in thirty-seven states pay no taxes on groceries, and six other states have reduced taxes on groceries. Only seven states tax groceries as much as, or more than Hawaii, and all these states have lower costs of living than Hawaii. It is not difficult to implement this tax exemption in other states. Most states agree that taxing groceries and medications is regressive and unethical.

Decrease the substantial tax burden for Hawaii residents –

Between Hawaii's GET on all business transaction, State income taxes, and property taxes, Hawaii residents face one of the highest tax burdens in the U.S. Residents of Honolulu, Kauai, and Hawaii Counties also have the added burden of the County Surcharge taxes. Removing the GET from groceries lessens the substantial tax burden faced by Hawaii residents.

Combat Inflation –



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Joe Carter, Coca-Cola Bottling of Hawaii, *Immediate Past Chair*

Recent historic inflation rates have made many goods and services, including food, more expensive and exacerbated existing economic issues, like food insecurity in our state. Removing the GET from groceries can help counteract the recent inflation and increase Hawaii families' purchasing power for food.

For all these reasons we ask that the Committee pass this measure, and we thank you for the opportunity to testify.

Additional Sources:

<http://files.hawaii.gov/tax/stats/stats/credits/2014credit.pdf>
<https://taxfoundation.org/sales-taxes-on-soda-candy-and-other-groceries-2018/>
<https://www.usatoday.com/story/money/economy/2018/05/10/cost-of-living-value-of-dollar-in-every-state/34567549/>
<https://www.cnn.com/2018/06/28/these-are-americas-most-expensive-states-to-live-in-for-2018.html>
<https://www.cnn.com/2018/06/28/americas-cheapest-states-to-live-in-2018.html>
<https://www.newsweek.com/most-expensive-place-live-us-hawaii-toilet-paper-costs-more-628977>
<http://www.hawaiinewsnow.com/2018/09/20/hud-now-considered-low-income-oahu/>
https://www.capitol.hawaii.gov/hrscurrent/Vol04_Ch0201-0257/HRS0235/HRS_0235-0055_0085.htm
<https://news.cornell.edu/stories/2021/05/study-grocery-taxes-increase-likelihood-food-insecurity>
<https://www.fns.usda.gov/snap/thriftyfoodplan>



Feb. 10, 2022

9:05 a.m.

Conference Room 329 and Via Videoconference

To: House Committee on Economic Development

Rep. Daniel Holt, Chair

Rep. Rachele Lamosao, Vice Chair

House Committee on Health and Human Services

Rep. Della Au Belatti, Chair

Rep. Jenna Takenouchi, Vice Chair

From: Grassroot Institute of Hawaii

Ted Kefalas, Director of Strategic Campaigns

RE: HB1050 — RELATING TO GENERAL EXCISE TAX EXEMPTIONS

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer comments on [HB1050](#), which would exempt from the general excise tax feminine hygiene and incontinence products, over-the-counter medications and groceries eligible under the federal Supplemental Nutrition Assistance Program.

This is a good bill, one that would make an immediate difference when it comes to addressing Hawaii's high cost of living, which has been a major reason for the state's steady decline in population over the past six years.

As we all know, the general excise tax is regressive, hitting low and middle-income individuals and families the hardest. Exempting feminine hygiene and incontinence products, over-the-counter medications and SNAP-eligible groceries would go a long way toward making Hawaii more affordable for struggling residents.

Exempting groceries from the GET would help families keep food on the table. Research shows that taxes on groceries contribute to less spending on meals at home¹ and higher food insecurity.²

Reducing the GET on food immediately, at the point of purchase, would ensure families keep more of their paychecks instead of waiting until tax season to receive a tax credit — the value of which inflation would have already diminished.

Exempting groceries from the excise tax would also have significant economic benefits. The Georgia state auditor estimates that Georgia's sales tax exemption for groceries has created more than 5,000 jobs and an additional \$807 million in economic output.³

The measure also avoids the concern that tourists might be the primary beneficiaries from changes to the GET. By narrowing the exemption to SNAP-eligible food, the bill retains the excise tax on restaurants and thus covers a significant amount of visitor food spending.

The exemption for feminine hygiene and incontinence products would help ensure that Hawaii residents would not be forced to choose between maintaining their own dignity and other basic necessities.

Regarding over-the-counter medications, a GET exemption would simply be in keeping with the logic behind the existing exemption for prescription drugs and prosthetics.⁴ If this bill were enacted, nonprescription medicines such as Tylenol and Advil would suddenly cost less, making it easier for many individuals suffering from everyday health conditions to find relief and save money.

This summer, the director of the Hawaii Department of Taxation estimated that exempting groceries from the general excise tax could give taxpayers \$268 million.⁵ It is unclear how much an exemption for nonprescription medication and feminine hygiene and incontinence products might save, but the total economic impact of this bill would be large, generating relief for consumers across the board.

¹ Diansheng Dong and Hayden Stewart, "[Food Taxes and Their Impacts on Food Spending](#)," U.S. Department of Agriculture, Economic Research Service, September, 2021, p. 7.

² Jianqiang Zhao, "[Putting Grocery Food Taxes on the Table: Evidence for Food Security Policy-Makers](#)," Master's Thesis, Cornell University, August 2020, p. iii.

³ "[Tax Incentive Evaluation: Grocery Sales Tax Exemption](#)," Georgia Department of Audits and Accounts, Dec. 13, 2022.

⁴ "[Hawaii General Excise & Use Tax Exemptions: Tax Year 2021](#)," Hawaii Department of Taxation, November 2022, p. 6.

⁵ Isaac Choy, "[Column: GET not as regressive as some believe](#)," Honolulu Star-Advertiser, July 24, 2022.

I would be remiss if I did not mention that medical services also should be exempted from the state GET. The Grassroot Institute's new report "[The case for exempting medical services from Hawaii's general excise tax](#)," explains the benefits of that proposal in greater detail, and I encourage you to support that idea as well.

We applaud the committee for hearing such a timely and important bill. For many residents, these exemptions would prove helpful by lowering Hawaii's cost of living.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

February 10, 2023

HEARING BEFORE THE
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
HOUSE COMMITTEE ON HEALTH & HOMELESSNESS

TESTIMONY ON HB 1050
RELATING TO GENERAL EXCISE TAX EXEMPTIONS

Conference Room 329 & Videoconference
9:05 AM

Aloha Chairs Holt and Belatti, Vice-Chairs Lamosao and Takenouchi, and Members of the Committees:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

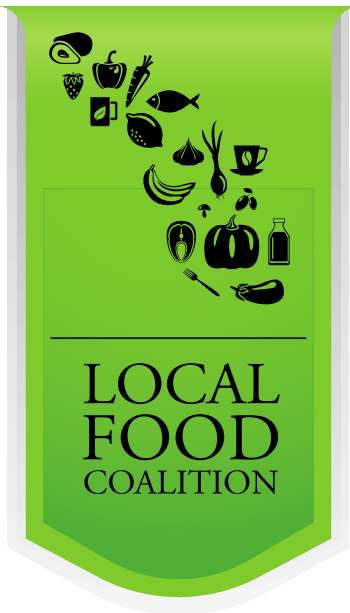
The Hawai'i Farm Bureau supports HB 1050, which exempts certain groceries, feminine hygiene products, incontinence products, and over-the-counter drugs from the general excise tax.

Hawai'i has the highest cost of living of any U.S. state. Many factors impacting these high food prices are out of the state's control. However, eliminating the GET on groceries is within the State's control. Eliminating the GET on food is a way to immediately bring down the cost of living for all Hawai'i residents.

Residents in thirty-seven states do not pay taxes on groceries and six other states have reduced taxes on groceries. Only seven states tax groceries as much as or more than Hawai'i, but these other states have a lower cost of living than Hawai'i.

Exempting SNAP-eligible groceries from the GET is easy for retailers to implement and will make food more affordable and bring down the cost of living for Hawai'i consumers.

Thank you for the opportunity to testify on this important subject.



HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
and
HOUSE COMMITTEE ON HEALTH & HOMELESSNESS

February 10, 2023 – 9:05 a.m. – Conference Room 329 & Via
Videoconference

**HB 1050 – RELATING TO GENERAL EXCISE TAX EXEMPTIONS
SUPPORT**

Aloha Chairs Holt and Belatti, Vice Chairs Lamosao and Takenouchi
and members of the Committees:

Hawai'i Aquaculture &
Aquaponics Association
Hawai'i Cattlemen's Council
Hawai'i Farm Bureau
Federation
Hawai'i Farmers' Union
United
Hawai'i Food Industry
Association
Hawai'i Food
Manufacturers Association
Kohala Center
Land Use Research
Foundation of Hawai'i
Maui Farm to School
Network (Maui F2SN)
Ulupono Initiative
College of Tropical
Agriculture and Human
Resources - University of
Hawai'i at Manoa

The Local Food Coalition **SUPPORTS** HB 1050, which among its provisions, would exempt groceries eligible to be purchased with the United States Department of Agriculture's Supplemental Nutrition Assistance benefits from the general excise tax (GET).

Residents in thirty-seven states do not pay taxes on groceries and six other states have reduced taxes on groceries. Only seven states tax groceries as much as or more than Hawaii, but these other states have a lower cost of living than Hawaii.

Many factors impacting these high food prices are out of the state's control. However, eliminating the GET is. Doing so would immediately bring down the cost of living for all Hawaii residents.

The Local Food Coalition is an organization comprising of farmers, ranchers, livestock producers, investors and other organizations working to provide Hawaii's food supply.

We respectfully request your support of HB 1050. Thank you for the opportunity to submit testimony.

Kendall Matsuyoshi
808-544-8345
kmatsuyoshi@wik.com



TESTIMONY IN SUPPORT OF HB 1050

TO: Chair Holt, Vice-Chair Lamosao & Committee Members

FROM: 'Ilima DeCosta
Community Engagement Coordinator

DATE: February 10, 2023 (9:05a.m.)

Hawai'i Health & Harm Reduction Center (HHRC) supports HB 1050. This bill would eliminate the General Excise Tax on groceries, feminine hygiene products, incontinency products, and over the counter (OTC) medicines.

Hawai'i is 1 of only 8 states that currently taxes food, with [five](#) states recently passing legislation to eliminate the tax on food items. Absent a total elimination of the general excise tax on food items, Hawai'i residents living marginally are often forced to choose between food and other household essentials, including rent and utilities.

Passage of HB 1050 would provide needed relief from the exorbitant cost of food, feminine hygiene and incontinency products, as well as OTC medicines.

According Norbert Wilson, the director of Duke University's World Food Policy Center, "[The](#) basic idea is the grocery tax on food is particularly problematic to lower-income households." (Pew Charitable Trust, January 17, 2023).

HHRC's mission is to reduce harm, promote health, create wellness, and fight stigma in Hawai'i and the Pacific. We work with many individuals who are impacted by poverty, housing instability, and other social determinants of health. Many have behavioral health problems, including those relating to substance use and underlying mental health conditions. Many of our clients and participants have been deeply impacted by trauma, including histories of physical, sexual, and psychological abuse.

HHRC urges passage of HB 1050.

Thank you for the opportunity to testify in support of this bill.

Period Law

RE: Support for HB1050 - Relating to Exemption on the Sale of Feminine Hygiene Products from the General Excise Tax

Friday, February 10, 2023, 9:05 am, House Committee Economic Development

Dear Chair Holt, Vice Chair Lamosao, and members of the committee,

Period Law is a national legal and policy organization working to end the discriminatory tax on menstrual products. Since 2016, we have supported local advocacy organizations and activists around the country in ending the “tampon tax” in their states by providing legal research and, in some states, filing lawsuits. We are proud to follow the lead of Hawaiians working in this space, such as the Mai’i Movement, by voicing our **strong support for HB1050**, which serves in part to exempt menstrual products from the general excise tax.

What we tax signals what we value. In every state where it exists, the taxation of menstrual products makes money off of women. Taxing medically-necessary products like tampons, while exempting items like Viagra (which has no approved uses for women) simply because it is a prescription drug, signals that the state does not recognize the health and dignity of women. The tampon tax is a symptom of widespread disregard for women's daily needs and experiences.

HB1050 correctly designates menstrual products as “health products,” signifying their essential nature to the menstruating population of Hawai’i. The U.S. Food and Drug Administration classifies menstrual tampons as Class II medical devices and pads as Class I medical devices. The 2020 CARES Act designated menstrual products as medical necessities for the purpose of HSA and FSA accounts. The American Medical Association deems menstrual products “essential for women’s health” and has called the tampon tax a “regressive” [penalty](#). After a comprehensive study, the American College of Obstetrics and Gynecology concluded that “research supports the repeal of this tax in consideration of its financial, social, and political implications” (Singh 2020).

A sales tax on menstrual products unfairly burdens the state’s lowest income group, women and children. Studies have [shown](#) that low-income citizens may be forced to choose between purchasing menstrual products and other necessities. Since women in Hawai’i make, on

average, 21.1% less than their male counterparts, repealing the tax would be a huge help to the average woman, who uses on average more than 16,000 tampons or pads in a lifetime.

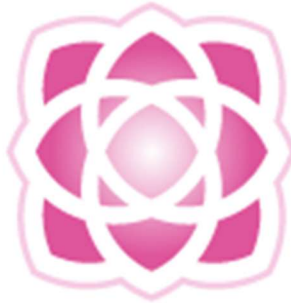
A 2018 [study](#) analyzing the 2005 elimination of menstrual hygiene products from the sales tax base in New Jersey found that removing the tampon tax provides a disproportionate economic benefit to poor women who, unlike wealthier women, cannot afford to buy period products more cheaply in bulk.

Furthermore, subjecting menstrual products to the general excise tax is sex discrimination prohibited by the Hawai'i and federal constitutions. HB1050 corrects a very serious problem. Constitutional law scholars from across the country, including Erwin Chemerinsky, Dean of UC Berkeley Law School, have argued that the tampon tax amounts to sex-based discrimination in violation of equal protection at both the state and federal levels. The Hawai'i Supreme Court has interpreted its state constitution to necessitate strict scrutiny for gender discrimination claims, a higher bar even than the federal Constitution. *Baehr v. Lewin*, 852 P.2d 44, 67 (Haw. 1993). For this reason, the legal claim against Hawaii's tampon tax is stronger than in any other state. Period Law coordinated a class action lawsuit in New York in 2016 on behalf of women who paid the tax, prompting the state to end its tax within months. Four states – Connecticut, Florida, Illinois, and Nevada—followed suit. In 2020, we sued the state of Michigan with the same result. Forty states taxed menstrual products when our organization began in 2016, and 18 have now ended the practice, either voluntarily or under the pressure of a lawsuit. We are thrilled to see the Hawai'i legislature removing this discriminatory tax of its own accord and applaud the authors of HB1050.

We urge you to **support HB1050** and welcome you to contact us with any additional questions you may have. Thank you for your leadership and service.

Sincerely,
Laura Strausfeld,
Executive Director of Period Law

Contact: Suzanne Herman, Legal Director, suzanne@periodlaw.org.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE HOUSE COMMITTEE ON
ECONOMIC DEVELOPMENT and HEALTH & HOMELESSNESS
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 329
FRIDAY, FEBRUARY 10, 2023 AT 9:05 A.M.**

To The Honorable Daniel Holt, Chair
The Honorable Rachele F. Lamosao, Vice Chair
Members of the committee on Economic Development
The Honorable Della Au Belatti, Chair
The Honorable Jenna Takenouchi, Vice Chair
Members of the committee on Health & Homeless

SUPPORT FOR HB1050 RELATING TO GENERAL EXCISE TAX EXEMPTIONS

The Maui Chamber of Commerce **supports HB1050** which exempts certain groceries, feminine hygiene products, incontinence products, and over-the-counter drugs from the general excise tax.

The Chamber can agree with this proposal provided HB687, HB945 or HB623 fails to pass out of committee. Our preference is that the committee pass HB623, HB687 or HB6945 which would include the items listed in this bill.

This bill would help lower the cost for groceries and other products for some of the state's citizens.

For these reasons we **support HB1050**.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



February 10, 2023

Rep. Daniel Holt and Rep. Della Au Belatti, Chair
Rep. Rachele F. Lamosao and Rep. Jenna Takenouchi, Vice Chairs
House Committees on Economic Development and Health and Homelessness

RE: Testimony in support of HB 1050, Relating to General Excise Tax Exemptions

Dear Chairs Holt and Bellati, Vice Chairs Lamosao and Takenouchi, and Committee Members,

On behalf of Hawaii Foodbank, **I support HB 1050**, which would exempt certain groceries, feminine hygiene products, incontinence products, and over-the-counter drugs from the general excise tax.

Food security is a critical issue in Hawai'i, where our cost of living is higher than any other state and one in six residents lacks comprehensive access to healthy, nutritious food. Families who depend on the food banks and our partners spend a higher percentage of their income on basic needs like groceries and medicine. Exempting these items would provide much needed financial boost to those who struggle to put food on the table.

The Hawai'i Foodbank gathers donated, rescued, and purchased food and distribute it to those in need through our network of more than 200 agency partners. Tax policies that allow lower income individuals and families to keep more of their income for food and other basic needs are important to fighting hunger across our state.

Mahalo for your consideration.

With aloha,

Amy Miller Marvin
President and CEO, Hawaii Foodbank

HB-1050

Submitted on: 2/7/2023 3:22:51 PM

Testimony for ECD on 2/10/2023 9:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Andrew Crossland	Individual	Support	Written Testimony Only

Comments:

I support this Bill.

HB-1050

Submitted on: 2/7/2023 3:45:32 PM

Testimony for ECD on 2/10/2023 9:05:00 AM

Submitted By	Organization	Testifier Position	Testify
lynne matusow	Individual	Support	Written Testimony Only

Comments:

This is a no brainer. These items should never have been taxed in the first place.

HB-1050

Submitted on: 2/7/2023 4:04:54 PM

Testimony for ECD on 2/10/2023 9:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Sarah Kern	Individual	Support	Written Testimony Only

Comments:

February 7, 2023

Aloha Chairs, Vice Chairs, and Committee Members,

My name is Sarah Kern and I am a resident of Lihue, Kauai. I am testifying in strong support of HB1050 to exempt the sales of period products from the general excise tax in Hawai'i. Periods are costlier for those who have the least means, and often pay considerably more for the exact same items because they're subject to the inflated prices charged at stores. Sales taxes are also inherently regressive, causing a greater relative burden to low-income individuals. Twenty eight states have already passed legislation to end the discriminatory tax on period products. I believe that low-income households with menstruators should no longer be responsible for bearing this disproportionate burden in Hawai'i, where so many of our local families are already struggling to make ends meet. Menstruation is a bodily function that is just as important as any other bodily function. People who menstruate cannot simply "opt out" of having their periods. If menstruators can't afford to buy the menstrual hygiene products they need, their health (and our state's healthcare system) suffers. It is time to remove this unfair tax burden from our families with menstruators who have been shouldering it for decades. Thank you for the opportunity to testify in support of this bill.

Mahalo nui loa,

Sarah Kern

HB-1050

Submitted on: 2/7/2023 4:15:32 PM

Testimony for ECD on 2/10/2023 9:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Aspen Billiet	Individual	Support	Written Testimony Only

Comments:

Dear Legislators,

Feminine hygiene products, incontinence products and certain over the counter medicines already place an additional financial strain on certain portions of the State's populace and exempting such items from the general excise tax would eliminate an additional undue burden on top of the cost of the items. Additionally, families reliant on the Supplemental Nutrition Assistance Program (SNAP) quite often have to stretch their SNAP dollars in order to afford their groceries for each month. Eliminating the general excise tax on certain grocery items will help numerous families across the State. For these reasons I encourage you to support HB1050.

Mahalo for your time and consideration.

HB-1050

Submitted on: 2/7/2023 4:19:45 PM

Testimony for ECD on 2/10/2023 9:05:00 AM

Submitted By	Organization	Testifier Position	Testify
B.A. McClintock	Individual	Support	Written Testimony Only

Comments:

We're being taxed to death in Hawai'i. Please help us by supporting this bill.

HB-1050

Submitted on: 2/7/2023 5:43:07 PM

Testimony for ECD on 2/10/2023 9:05:00 AM

Submitted By	Organization	Testifier Position	Testify
cheryl B.	Individual	Support	Written Testimony Only

Comments:

I SUPPORT this bill which exempts certain groceries, feminine hygiene products, incontinence products, and over-the-counter drugs from the general excise tax.

HB-1050

Submitted on: 2/7/2023 6:46:00 PM

Testimony for ECD on 2/10/2023 9:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Lynn Murakami Akatsuka	Individual	Support	Written Testimony Only

Comments:

I am in support of the passage of HB 1050. It will help all Hawaii residents economically to remain in Hawaii. We can't afford to lose any more long time residents and their families as well as our children who want to return to Hawaii but can't afford the cost of living here.

Thank you for the opportunity to testify in support of HB 1050.

HB-1050

Submitted on: 2/8/2023 9:22:39 PM

Testimony for ECD on 2/10/2023 9:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Support	Written Testimony Only

Comments:

Please support HB1050.

HB-1050

Submitted on: 2/9/2023 10:50:45 AM

Testimony for ECD on 2/10/2023 9:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Katy Okuyama	Individual	Support	Written Testimony Only

Comments:

I support I support HB1050

PERIOD.

January 9, 2023

Testimony for Hawaii House Bill 1050, A Bill Relating To General Excess Tax

As a global youth-fueled nonprofit that strives to eradicate period poverty and stigma through service, education, and advocacy, PERIOD. is proud to follow the lead of Hawaiian menstrual equity organizations like the [Mai'i Movement](#) in support of House Bill 1050, as introduced. Our 400 volunteer chapters around the world support the removal of unfair taxes on menstrual products, and applaud this bill.

According to a May 2021 study, nearly 1 in 4 students in the United States struggled to purchase period products or were not able to purchase them at all this year. Because these products are medical necessities, this tax is an unfair burden on Hawaiians who are already working hard to make ends meet.

Furthermore, we know that the Hawaiians most impacted by this tax are those who menstruate - mothers, students, our colleagues, and our family members. By placing an undue tax burden on mothers and families, we are asking them to shoulder additional costs just because of a natural process. These bills, with your support today, will move Hawaii closer to a more fair tax system.

We at PERIOD. urge all members of this committee to do what is right and unanimously support HB 1050 today.

Sincerely,



Michela Bedard
Executive Director
[PERIOD. Inc.](#),



Damaris Pereda
National Programs Director
[PERIOD. Inc.](#),