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# A BILL FOR AN ACT

RELATING TO THE GENERAL EXCISE TAX.

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

1           SECTION 1. Chapter 237, Hawaii Revised Statutes, is  
2 amended by adding two new sections to be appropriately  
3 designated and to read as follows:

4           "§237-   Groceries; reduced rate; exemption.   (a)

5   Notwithstanding any other provision of law to the contrary,  
6   there is hereby levied and shall be assessed and collected, a  
7   tax equivalent to:

8           (1)   In calendar year 2024, three per cent;

9           (2)   In calendar year 2025, two per cent; and

10          (3)   In calendar year 2026, one per cent,

11   of the gross proceeds from the retail sale of groceries within  
12   the State; provided that the tax rates for the applicable tax  
13   years shall be in lieu of the tax imposed by section 237-13 on  
14   the retail sale of groceries.

15          (b)   Beginning January 1, 2027, there shall be exempted  
16   from, and excluded from the measure of, the taxes imposed by



1 this chapter all of the gross proceeds or gross income received  
2 from the retail sale of groceries within the State.

3 (c) For the purposes of this section:

4 "Food" or "food product" means substances, whether in  
5 liquid, concentrated, solid, frozen, dried, or dehydrated form,  
6 that are sold for human consumption and are consumed for their  
7 taste or nutritional value.

8 "Groceries" means any food or food product for home  
9 consumption. "Groceries" may be further defined by the  
10 department by rule through the enumeration of items in rules or  
11 tax informational release.

12 §237- Nonprescription drugs; reduced rate; exemption.

13 (a) Notwithstanding any other provision of law to the contrary,  
14 there is hereby levied and shall be assessed and collected, a  
15 tax equivalent to:

16 (1) In calendar year 2024, three per cent;

17 (2) In calendar year 2025, two per cent; and

18 (3) In calendar year 2026, one per cent,

19 of the gross proceeds from the retail sale of nonprescription  
20 drugs within the State; provided that the tax rates for the



1 applicable tax years shall be in lieu of the tax imposed by  
2 section 237-13 on the retail sale of nonprescription drugs.

3 (b) Beginning January 1, 2027, there shall be exempted  
4 from, and excluded from the measure of, the taxes imposed by  
5 this chapter all of the gross proceeds or gross income received  
6 from the sale of nonprescription drugs within the State.

7 (c) For the purposes of this section:

8 "Drug" means:

9 (1) Articles recognized in the official United States  
10 Pharmacopoeia, official United States Pharmacopoeia  
11 Dispensing Information, official Homeopathic  
12 Pharmacopoeia of the United States, or official  
13 National Formulary, or any supplement to any of these  
14 publications;

15 (2) Articles intended for use in the diagnosis, cure,  
16 mitigation, treatment, or prevention of disease in  
17 humans or animals;

18 (3) Articles, other than food or clothing, intended to  
19 affect the structure or any function of the body of  
20 humans or animals; or



1        (4) Articles intended for use as a component of any  
 2        article specified in paragraphs (1) through (3);  
 3        provided that the term "drug" does not include devices  
 4        or their components, parts or accessories, cosmetics,  
 5        or liquor as defined in section 281-1.

6        "Nonprescription drug" means any packaged, bottled, or  
 7        nonbulk chemical, drug, or medicine that may be lawfully sold  
 8        without a practitioner's order."

9        SECTION 2. New statutory material is underscored.

10       SECTION 3. This Act shall take effect on January 1, 2024.

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INTRODUCED BY: *Linda Lehigane*  
 JAN 25 2023



# H.B. NO. 1429

**Report Title:**

General Excise Tax; Rate Reduction; Exemption; Groceries;  
Nonprescription Drugs

**Description:**

Gradually reduces the general excise tax rate imposed on the retail sale of groceries and nonprescription medication over a period of four years until eliminated in calendar year 2027. Preserves the county surcharge on tax and the general excise tax on wholesales of groceries and nonprescription medication. Effective 1/1/2024.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

