

JAN 20 2023

A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAX.

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. According
4 to data from the Missouri Economic Research and Information
5 Center, Hawaii had the highest cost of living in 2019. Coupled
6 with the high cost of living, persistent inflation following the
7 coronavirus disease 2019 (COVID-19) pandemic has further
8 exacerbated the problem of residents being unable to afford
9 necessities like groceries. The legislature further finds that
10 thirty-two states, plus the District of Columbia, currently
11 exempt most foods purchased for consumption at home from the
12 state sales tax. Grocery sales tax is often considered
13 regressive and disproportionately hurts working families and may
14 affect the quality, diversity, and even the amount of food they
15 can afford to put on the table, especially during times of
16 economic crisis.



1 The legislature also finds that the COVID-19 pandemic led
2 to approximately two hundred fifty thousand workers in Hawaii
3 losing their jobs, leaving all those families to suffer
4 financially. Exempting groceries and nonprescription drugs from
5 the general excise tax will help many families and allow them to
6 put food on the table and maintain the health of their families.
7 In addition, workers and their families who may save money on
8 groceries and nonprescription drug purchases will be able to
9 spend that money elsewhere in the economy, thus allowing the
10 money to continue to circulate, which will help many businesses
11 and continue to generate revenue for the State.

12 The purpose of this Act is to:

- 13 (1) Reduce the general excise tax for the sale of
14 groceries that are eligible under the Supplemental
15 Nutrition Assistance Program or Special Supplemental
16 Nutrition Program for Women, Infants, and Children
17 over a four-year period; and
- 18 (2) Reduce the general excise tax for the sale of
19 nonprescription drugs, medical supplies, and durable
20 medical equipment over a four-year period.



1 SECTION 2. 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- Applicable tax for eligible groceries. (a)
5 Taxes imposed under section 237-13 on the retail sale of
6 groceries eligible for purchase under the federal Supplemental
7 Nutrition Assistance Program and Special Supplemental Nutrition
8 Program for Women, Infants, and Children within the State,
9 regardless of the means of purchase and the eligibility of the
10 purchaser for Supplemental Nutrition Assistance Program or
11 Special Supplemental Nutrition Program for Women, Infants, and
12 Children benefits, shall be as follows:

- 13 (1) Beginning on January 1, 2024, the tax shall be three
14 per cent;
- 15 (2) Beginning on January 1, 2025, the tax shall be two per
16 cent;
- 17 (3) Beginning on January 1, 2026, the tax shall be one per
18 cent; and
- 19 (4) Beginning on January 1, 2027, there shall be no tax
20 imposed.
- 21 (b) As used in this section:



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1 "Food" or "food product" means substances, whether in
2 liquid, concentrated, solid, frozen, dried, or dehydrated form,
3 that are sold for ingestion or chewing by humans and are
4 consumed for their taste or nutritional value.

5 "Groceries" means any food or food product for home
6 consumption. The term "groceries" may be further defined by the
7 department by rule through the enumeration of items in rules or
8 tax informational releases; provided that the department shall
9 consult with the federal Food and Nutrition Service of the
10 United States Department of Agriculture in further defining the
11 term "groceries" for purposes of the Supplemental Nutrition
12 Assistance Program or Special Supplemental Nutrition Program for
13 Women, Infants, and Children.

14 §237- Applicable tax for nonprescription drugs, medical
15 supplies, and durable medical equipment. (a) Taxes imposed on
16 the retail sale of nonprescription drugs, medical supplies, and
17 durable medical equipment under section 237-13 shall be as
18 follows:

19 (1) Beginning on January 1, 2024, the tax shall be three
20 per cent;



1 (2) Beginning on January 1, 2025, the tax shall be two per
2 cent;

3 (3) Beginning on January 1, 2026, the tax shall be one per
4 cent; and

5 (4) Beginning on January 1, 2027, there shall be no tax
6 imposed.

7 (b) As used in this section:

8 "Drug" shall have the same meaning as in section 329-1.

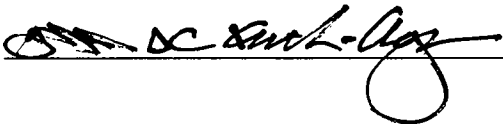
9 "Durable medical equipment" shall have the same meaning as
10 in section 321-542.

11 "Nonprescription drug" shall have the same meaning as in
12 section 328-1."

13 SECTION 3. New statutory material is underscored.

14 SECTION 4. This Act shall take effect on July 1, 2023.

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INTRODUCED BY: 



S.B. NO. 1118

Report Title:

General Excise Tax; SNAP; Nonprescription Drugs; Medical Supplies; Durable Medical Equipment; Reduction

Description:

Reduces and eliminates the general excise tax for the sale of groceries that are eligible under the Supplemental Nutrition Assistance Program or Special Supplemental Nutrition Program for Women, Infants, and Children over a four-year period. Reduces and eliminates the general excise tax for the sale of nonprescription drugs, medical supplies, and durable medical equipment over a four-year period.

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

