

JOSH GREEN M.D.  
GOVERNOR

SYLVIA LUKE  
LT. 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. 933, H.D. 1, Relating to General Excise Tax Reductions.

**BEFORE THE:**

House Committee on Economic Development & Technology

**DATE:** Friday, February 7, 2025

**TIME:** 10:15 a.m.

**LOCATION:** State Capitol, Room 423

Chair Ilagan, Vice-Chair Hussey, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 933, H.D. 1, for your consideration.

Section 2 of H.B. 933, H.D. 1, adds two new sections to chapter 237, Hawaii Revised Statutes (HRS). The first proposed section beginning on page 3 imposes a reduced general excise tax (GET) rate on the proceeds received from the sale of groceries eligible for purchase under the supplemental nutrition assistance program (SNAP) and special supplemental nutrition program for women, infants, and children (WIC) within the State, regardless of the means of purchase and the eligibility of the purchaser for the SNAP and WIC programs. The reduced rate is one-half percent less than the rate applied under section 237-13, HRS (4%).

The bill requires DOTAX to consult with the federal Food and Nutrition Service of the United States Department of Agriculture to determine if further definition of the term "groceries" is needed.

The next proposed section beginning on page 4 imposes a reduced GET rate on the gross proceeds or income received from the sale of nonprescription drugs. The reduced rate is one-half percent less than the rate applied under section 237-13, HRS (4%).

Section 3 of the bill requires the Department of Business, Economic Development, and Tourism (DBEDT) to conduct an economic cost-benefit analysis on the general excise tax reductions in section 2 of the bill.

The measure has a defective effective date of July 1, 3000.

DOTAX notes that the measure may complicate reporting for taxpayers and businesses, who will likely need to track and report receipts of sales subject to the proposed reduced rates separately from sales subject to the normal 4% rate.

If passed, DOTAX requests the measure take effect on January 1, 2027 to allow for form and instruction changes necessary to implement the proposed reduced rates for sales of eligible groceries and nonprescription drugs. This would also allow taxpayers, particularly businesses, to update their accounting systems to comply with the changes in this measure.

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



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**  
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI  
A HO'OMĀKA'IKĀ'I

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR

JAMES KUNANE TOKIOKA  
DIRECTOR

DANE K. WICKER  
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
Web site: [dbedt.hawaii.gov](http://dbedt.hawaii.gov)

Telephone: (808) 586-2355  
Fax: (808) 586-2377

Statement of  
**JAMES KUNANE TOKIOKA**  
Director  
Department of Business, Economic Development, and Tourism  
before the  
**House Committee on Economic Development & Technology**

Thursday, February 7, 2025  
10:15 AM  
State Capitol, Conference Room 423

In consideration of  
**HB933, HD1**  
**RELATING TO GENERAL EXCISE TAX REDUCTIONS.**

Chair Ilagan, Vice Chair Hussey and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) supports the intent and offers **comments** on HB933, HD1, which requires DBEDT to conduct an economic cost-benefit analysis on the general excise tax (GET) reductions related to the bill.

According to Data from Hawaii State Department of Human Services, a total of 156,967 individuals in Hawaii were served by the Supplemental Nutrition Assistance Program (SNAP) in FY 2023. DBEDT notes that eligible groceries purchased by eligible participants under the supplemental nutrition assistance program and special supplemental nutrition program for women, infants, and children within the state are exempt from Hawaii's General Excise Tax under H.R.S. §237-24.3(5).

The core of the cost-benefit analysis is the estimate on the change in the general excise tax revenues. In forecasting the state tax revenue, the Department of Taxation (DoTax) and State Council on Revenues (COR) would estimate the impact of this bill and would incorporate their estimates into the forecasting models once the bill passes and became law.

DBEDT can do the study; however, DoTax and COR will have done the estimates anyway and we will need the DoTax to provide us with the related data. Thank you for the opportunity to testify.

Friday, February 7, 2025 at 10:15 AM  
Via Video Conference; Conference Room 423

**House Committee on Economic Development**

To: Representative Greggor Ilagan, Chair  
Representative Ikaika Hussey, Vice Chair

From: Michael Robinson  
Vice President, Government Relations & Community Affairs

Re: **Testimony in Support of HB 933, HD1  
Relating To General Excise Tax Reductions**

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My name is Michael Robinson, and I am the Vice President of Government Relations & Community Affairs at Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system comprised of its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox and over 70 locations statewide with a mission of creating a healthier Hawai'i.

HPH writes in SUPPORT of HB 933, HD1 which reduces the general excise tax rate on the gross proceeds or income from the sale of groceries that are eligible under the Supplemental Nutrition Assistance Program (SNAP) or Special Supplemental Nutrition Program for women, infants, and children (WIC). The measure also reduces the general excise tax rate on the gross proceeds or income from the sale of nonprescription drugs.

HPH has long recognized the relationship between healthy outcomes and food security, as well as the strong connection between access to healthy foods with health and wellness. HPH screens our in-patients across our facilities for indications of food insecurity and is acutely aware of the challenge it is for our patients. The link between a healthy diet and healthy living is well established where lower food insecurity is linked to lower risk of obesity, heart disease, type 2 diabetes and certain cancers. Healthy eating can help people with chronic diseases manage these conditions and avoid complications. The crisis in food security among the most vulnerable population has been reported and has come to light more recently in the Aloha United Way's 2024 ALICE Report. The Report indicated that 28% of households statewide face food insecurity; nearly half (46%) of households below the ALICE Threshold do not have consistent access to food.

Only thirteen states tax most foods purchased for consumption at home from the state sales tax. Six of the states that tax groceries do so at a reduced rate. Taxing the sale of groceries is generally considered regressive and disproportionately hurts working families because they spend a higher percentage of their income on food. Hawaii's general excise tax on groceries negatively affects not only the amount of food that Hawaii families can

afford, but also the quality and diversity of their food choices. Reducing the rate of the general excise tax on the sale of groceries eligible under the SNAP and WIC programs as well as nonprescription drugs will have an immediate positive effect on our cost of living by making these items more affordable.

Thank you for the opportunity to testify.



Date: February 7, 2025

Subject: Hawai'i Foodbank in Support of HB 933 Relating to General Excise Tax Reduction

Aloha Chair Ilagan, Vice Chair Hussey, and members of the committee,

On behalf of Hawai'i Foodbank, I express our support for HB 933, Relating General Excise Tax Reduction. This bill reduces the general excise tax rate on the gross proceeds or income from the sale of groceries that are eligible under the supplemental nutrition assistance program (SNAP) or special supplemental nutrition program for women, infants, and children (WIC), regardless of the means of purchase and the program eligibility of the purchaser. In addition, it reduces the general excise tax rate on the gross proceeds or income from the sale of nonprescription drugs, and requires DBEDT to conduct an economic cost-benefit analysis on the GET reductions.

As the state's largest hunger-relief organization, Hawai'i Foodbank has been committed to ensuring no one in Hawai'i goes hungry since 1983. We work with over 225 agency partners on O'ahu and Kaua'i to distribute food, and programs like Food 4 Keiki and 'Ohana Produce Plus provide nutritious meals to children and families. Last year, Hawai'i Foodbank provided food for 17.7 million meals and served an average of more than 150,000 people each month. In addition to addressing daily needs, our organization mobilizes during emergencies to provide immediate relief and aid long-term recovery efforts.

Food insecurity is a growing crisis in Hawai'i, with nearly 1 in 3 households struggling to access adequate food. One in ten households go a whole day without food some or most months. The recent 2024 ALICE in Hawai'i report, released by Aloha United Way, underscores the broader economic challenges fueling food insecurity. 40% of Hawai'i's families are at the ALICE (asset-limited, income-constrained, employed) threshold or below. These households live paycheck to paycheck, and nearly half of those below the ALICE threshold face food insecurity. Taxing the sale of groceries disproportionately impacts these families, affecting not only the amount of food that Hawai'i families can afford, but also the quality and diversity of their food choices.

Reducing the amount of money families must spend to purchase healthy, adequate food is a critical step in the fight against hunger and we urge you to consider this important measure.

With aloha,

Amy Miller  
President and CEO, Hawai'i Foodbank

# TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Reduction of Rate on Groceries and Nonprescription Drugs

BILL NUMBER: HB 933 HD 1

INTRODUCED BY: House Committee on Human Services & Homelessness

EXECUTIVE SUMMARY: Reduces the general excise tax rate on the gross proceeds or income from the sale of groceries that are eligible under the supplemental nutrition assistance program (SNAP) or special supplemental nutrition program for women, infants, and children (WIC), regardless of the means of purchase and the program eligibility of the purchaser. Reduces the general excise tax rate on the gross proceeds or income from the sale of nonprescription drugs. Requires DBEDT to conduct an economic cost-benefit analysis on the GET reductions. Loan Fund established under the Hawaiian Homes Commission Act, 1920, as amended.

SYNOPSIS: Adds two new sections to chapter 237, HRS. The first new section reduces the general excise tax rate by one-half percent, on gross proceeds or income received from the sale of all groceries eligible for purchase under the Supplemental Nutrition Assistance Program and Special Supplemental Nutrition Program for Women, Infants, and Children within the State (herein, both referred to as “Program”, regardless of the means of purchase and eligibility of the purchaser for Program benefits.

“Groceries” is defined as any food or food product for home consumption and may be further defined by the department by rule or tax information release after consultation with USDA.

Defines “food ” or “food product” as substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value.

The second new section to chapter 237, HRS, will on January 1, 2026, reduce the general excise tax rate by one-half per cent on gross proceeds or income received from the sale of nonprescription drugs.

“Nonprescription drug” is defined as any packaged, bottled, or nonbulk chemical, drug, or medicine that may be lawfully sold without a practitioner’s order.

Defines “drug” as:

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

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

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

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

Section 3 of the bill requires the Department of Business, Economic Development and Tourism to conduct an economic cost-benefit analysis on the bill's general excise tax reductions for calendar 2026 which is to be submitted prior to the convening of the 2027 regular session.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: Food stamps and related payments such as under the Special Supplemental Nutrition Program for Women, Infants, and Children (known as WIC) are now exempt from general excise tax under HRS section 237-24.3(5) and the Department of Taxation has interpreted this exemption as covering payments under the SNAP program as well.

Similarly, the GET law has since 1986 exempted the sale of prescription drugs and prosthetic devices. Act 47, SLH 2024, exempted healthcare related goods or services purchased under Medicare, Medicaid, or TRICARE.

This bill is intended to address the high cost of living in Hawaii by proposing reductions in the general excise tax rate, rather than exemptions, on products consumed in Hawaii on a daily basis. The GET rate reduction for all groceries eligible for WIC and SNAP, even if not purchased with a SNAP card, presumably targets healthy food for consumption, even if the buyer is above the income requirements for SNAP. And the rate reduction for nonprescription drugs presumably is done to promote health care.

Digested: 2/5/2025

Feb. 7, 2025, 10:15 a.m.  
Hawaii State Capitol  
Conference Room 423 and Videoconference

**To: House Committee on Economic Development and Technology**  
**Rep. Greggor Ilagan, Chair**  
**Rep. Ikaika Hussey, Vice Chair**

**From: Grassroot Institute of Hawaii**  
**Ted Kefalas, Director of Strategic Campaigns**

RE: HB933 HD1 — RELATING TO GENERAL EXCISE TAX REDUCTIONS

Aloha Chair Ilagan, Vice-Chair Hussey and other members of the Committee,

The Grassroot Institute of Hawaii **supports** [HB933 HD1](#), which would lower the general excise tax by a half-percent for groceries eligible for purchase under the federal Supplemental Nutrition Assistance and Special Supplemental Nutrition programs for Women, Infants and Children programs and over-the-counter nonprescription medications.

The bill would also direct the Hawaii Department of Business, Economic Development and Tourism to conduct a cost-benefit analysis of the lower rate prior to the 2027 legislative session.

This is a good bill, one that would make an immediate difference when it comes to addressing Hawaii's high cost of living.

Research shows that taxes on groceries contribute to less spending on meals at home<sup>1</sup> and higher food insecurity,<sup>2</sup> so lowering the tax for eligible groceries and nonprescription medications under these two federal programs, SNAP and WIC, would go a long way toward making Hawaii more affordable for these struggling Hawaii residents.

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

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

In addition, the state's 4% general excise tax is regressive, hitting low and middle-income individuals and families the hardest, so again, an exemption affecting many of these families would help them keep food on their tables.

This bill would also have broader benefits. The Georgia state auditor recently estimated that Georgia's sales tax exemption for groceries created more than 5,000 jobs and an additional \$807 million in economic output.<sup>3</sup>

For anyone concerned that tourists might be the primary beneficiaries of changes to the GET, HB933 limits the proposed exemption to only SNAP- and WIC-eligible groceries. The bill would retain the excise tax on restaurants and thus a significant amount of visitor food spending.

Regarding nonprescription medications and medical equipment and supplies, a GET exemption for these products would simply be in keeping with the logic behind the state's existing exemption for prescription drugs and prosthetics.<sup>4</sup>

If this bill is 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.

In 2022, the Hawaii Department of Taxation director estimated that exempting groceries from the general excise tax could save taxpayers \$268 million.<sup>5</sup> It is unclear how much this bill would save consumers, but it would nonetheless generate an appreciable amount of relief from Hawaii's cost of living.

Thank you for the opportunity to testify.

Ted Kefalas  
Director of Strategic Campaigns  
Grassroot Institute of Hawaii

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

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

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



# MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON  
ECONOMIC DEVELOPMENT & TECHNOLOGY  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 423  
Friday, February 7, 2025 AT 10:15 A.M.

To The Honorable Greggor Ilagan, Chair  
The Honorable Ikaika Hussey, Vice Chair  
Members of the Committee on Economic Development and Technology

## SUPPORT HB933 RELATING TO GENERAL EXCISE TAX REDUCTIONS

The Maui Chamber of Commerce **SUPPORTS HB933** which reduces the general excise tax rate on the gross proceeds or income from the sale of groceries that are eligible under the supplemental nutrition assistance program (SNAP) or special supplemental nutrition program for women, infants, and children (WIC), regardless of the means of purchase and the program eligibility of the purchaser; and reduces the general excise tax rate on the gross proceeds or income from the sale of nonprescription drugs.

The Maui Chamber recognizes that many factors increase our high cost of living, including food, transportation, and more, all of which are impacted by the GET. We have long supported exempting groceries from the GET as a way to reduce the cost of living as this tax is passed on to residents.

For these reasons, the Maui Chamber of Commerce fully **supports HB933** and respectfully urges its passage.

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.



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

#### Executive Officers

**Maile Miyashiro**, C&S Wholesale Grocer, *Chair*  
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**Derek Kurisu**, KTA Superstores, *Advisor*  
**Toby Taniguchi**, KTA Superstores, *Advisor*  
**Joe Carter**, Coca-Cola Bottling of Hawaii, *Advisor*  
**Eddie Asato**, Pint Size Hawaii, *Advisor*  
**Gary Okimoto**, Safeway, *Immediate Past Chair*

TO: Committee on Economic Development and Tourism

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, Executive Director

DATE: February 7, 2025

TIME: 10:15am

RE: HB933 HD1 Relating to General Excise Tax Reductions

Position: Support

Hawai'i has one of the highest costs of living in the nation, placing immense financial strain on local families. The combination of **inflation, supply chain disruptions, and the economic effects of the COVID-19 pandemic** has exacerbated food insecurity, leaving **nearly 30% of households food insecure in 2023**, according to the Hawai'i Foodbank. On Hawai'i Island, the situation is even more dire, with **The Food Basket reporting a food insecurity rate of 40%**.

Under these circumstances, **taxing food is both unethical and unnecessary**. Grocery taxes disproportionately burden low- and middle-income families, exacerbating economic hardship and worsening food insecurity. **Hawai'i's 4.5% GET adds an estimated \$773 per year** in additional costs for a family of four under the USDA's Thrifty Food Plan. For many residents, this is the difference between putting food on the table and going hungry.

## The Link Between Grocery Taxes and Food Insecurity

Decades of research confirm that grocery taxes **directly contribute to significantly higher rates of food insecurity**: "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" (Kaiser).

- **Zheng, Y., Zhao, J., Buck, S., Burney, S., & Kaiser, H. M. (2021).** Putting grocery food taxes on the table: Evidence for food security policy-makers. *Food Policy*. [ScienceDirect](#)
- **World Food Policy Center. (2021).** Why grocery taxes hurt low-income families: More evidence for policymakers. *Duke University, Sanford School of Public Policy*. [Listen here](#)
- **Health Economics Review. (n.d.).** The effect of grocery taxes on health outcomes: Insights from low-income communities. *BioMed Central*. [Read the article](#)
- **Center for Budget and Policy Priorities: States That Still Impose Sales Taxes on Groceries Should Consider Reducing or Eliminating Them:**  
<https://www.cbpp.org/research/state-budget-and-tax/which-states-tax-the-sale-of-food-for-home-consumption-in-2017>
  - o <https://www.cbpp.org/sites/default/files/atoms/files/3-16-06sfp3.pdf>

Furthermore, taxing essential food and medicine is a **regressive policy** that disproportionately affects kūpuna, low-income families, and individuals with disabilities. Families experiencing food insecurity **skip meals, purchase less nutritious options, and reduce portion sizes**, leading to negative long-term health outcomes.

## Economic Benefits of Eliminating the GET on Groceries

The vast majority of U.S. states do not tax groceries because they recognize the harm it causes to families and the economy. In recent years, multiple states have taken action:

- **Kansas** will join the growing group of 38 states that don't tax food on Jan. 1, 2025. The state sales tax has been decreasing little by little each year in phases thanks to a plan by Gov. Laura Kelly. In 2022, it was at 6.5%. In 2023, it was down to 4% and in 2024, it dropped to just 2%. Now, in 2025, there will be no state sales tax. <https://www.kmbc.com/article/kansas-sales-tax-groceries-drops-to-zero-starting-2025/63294687>
- **Alabama and Virginia** have also reduced or eliminated grocery taxes, implementing **phased approaches** to balance budgetary needs while providing immediate relief to residents.
  - o <https://vadogwood.com/2023/08/28/credit-where-credits-due-who-cut-virginias-grocery-tax/>
- **Georgia's phased elimination of grocery taxes in the 1990s** resulted in **\$691.4 million in household savings, 18,577 new jobs, and \$1.45 billion in economic output by 2021.**

- o **Georgia State Audit Reports.** [Download report](#)

These examples show that states can remove grocery taxes **without jeopardizing their budgets**, while simultaneously **reducing food insecurity and boosting economic activity**.

## Health and Social Consequences of Grocery Taxes

Taxing groceries and essential medicines contributes to **worse health outcomes**, particularly among children and vulnerable populations:

- **Higher rates of obesity, diabetes, and cardiovascular disease** as families rely on lower-cost, less nutritious foods.
- **Increased healthcare costs** due to the long-term impacts of food insecurity.
- **Negative effects on childhood development, education, and mental health** due to poor nutrition and chronic stress.

A study published in **Health Economics Review** found that **grocery taxes increase food insecurity, leading to worse health outcomes and higher healthcare costs**. Reducing the GET on groceries would provide much-needed relief, allowing families to prioritize nutrition, healthcare, and other essential expenses.

## Conclusion

Hawai'i is already facing a severe food insecurity crisis, and continuing to tax groceries will only worsen the situation. Research consistently shows that **grocery taxes harm low-income families, increase food insecurity, and contribute to economic inequality**. Eliminating the GET on food and nonprescription drugs will:

- **Provide immediate financial relief to residents**
- **Reduce food insecurity and improve health outcomes**
- **Align Hawai'i's tax policy with the majority of U.S. states**
- **Stimulate the local economy by increasing consumer spending**

HFIA respectfully encourages the Legislature to pass **HB933 HD1** and reduce the GET on essential groceries and nonprescription drugs, ensuring that no Hawai'i resident has to choose between paying taxes and feeding their family.

**Mahalo for the opportunity to testify.**

**Additional Sources:**

<https://business.cornell.edu/hub/2021/05/18/researchers-find-grocery-taxes-harm-low-income-households/>

<https://www.audits.ga.gov/ReportSearch/download/28852>

<https://wfpc.sanford.duke.edu/research/grocery-food-taxes-and-evidence-for-food-security-policy-makers/>

<https://news.cornell.edu/stories/2021/05/study-grocery-taxes-increase-likelihood-food-insecurity>

<https://www.fns.usda.gov/snap/thriftyfoodplan>



**Testimony to the House Committee on Economic Development & Technology (ECD)  
Representative Greggor Ilagan, Chair  
Representative Ikaika Hussey, Vice Chair**

**Friday, February 7, 2025, at 10:15AM  
Conference Room 423 & Videoconference**

**RE: HB933 HD1 Relating to General Excise Tax Reductions**

Aloha e Chair Ilagan, Vice Chair Hussey, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber supports House Bill 933 HD1 (HB933 HD1), which establishes a public policy framework that addresses state goals related to economic diversification and appropriates funds to the Hawaii Technology and Development Corporation to implement specific programs that address these goals.

HB933 HD1 aligns with our 2030 Blueprint for Hawaii: An Economic Action Plan, specifically under the policy pillar for Business Services. This bill promotes policies that drive economic growth, enhance workforce opportunities, and improve the quality of life for Hawaii's residents.

Hawaii's high cost of living makes food and medicine increasingly unaffordable. A 2021 University of Hawaii study found 48% of families with children face food insecurity, while a Cornell University study linked higher taxes to increased food insecurity. Hawaii is one of 13 states that tax groceries, disproportionately affecting low-income families. A USDA Thrifty Food Plan household spends \$1,794.60 monthly on food, paying over \$800 annually in state taxes, with credits covering only a fraction. Cutting the general excise tax (GET) on groceries and nonprescription drugs would provide immediate relief and improve affordability.

This bill reduces the GET rate on groceries and nonprescription drugs and mandates a cost-benefit analysis by the Department of Business, Economic Development, and Tourism (DBEDT). By lowering essential costs, it supports working families, seniors, and vulnerable populations while promoting food security. The Chamber supports this bill as a vital step in reducing Hawaii's cost of living.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.

We respectfully ask to pass House Bill 933 HD1. Thank you for the opportunity to testify.