

STAND. COM. REP. NO.

780

Honolulu, Hawaii

MAR 05 2021

RE: S.B. No. 361
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 361, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO GENERAL EXCISE TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a general excise tax exemption for the gross proceeds or income arising from the sale of Supplemental Nutrition Assistance Program eligible items.

Your Committee received written comments in support of this measure from the Hawaii Farm Bureau; Hawaii Food Industry Association; Hawaii Iron Workers Stabilization Fund; IATSE, Local 665; International Longshore and Warehouse Union, Local 142; Maui Chamber of Commerce; United Food and Commercial Workers, Local 480; and Waikiki Neighborhood Board.

Your Committee received written comments in opposition to this measure from the Hawaii Government Employees Association.

Your Committee received comments on this measure from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that Hawaii has the highest cost of living in the nation. Your Committee also finds that the coronavirus disease 2019 (COVID-19) pandemic has made it harder



for many residents to afford necessities such as groceries. Your Committee further finds that Hawaii is one of the few states that fully taxes the sale of groceries. Your Committee believes that exempting groceries from the general excise tax will help many families that have been impacted negatively by the COVID-19 pandemic.

Your Committee has amended this measure by:

- (1) Clarifying that the general excise tax exemption applies to the sale of eligible groceries under the Supplemental Nutrition Assistance Program;
- (2) Clarifying that soft drinks are not included in the definition of "food" or "food product";
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (4) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 361, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 361, S.D. 2.

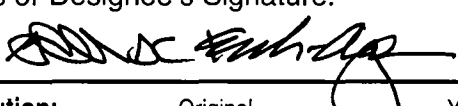
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 361, SD 1	AEN, WAM	2/26/21		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310	<input type="checkbox"/> Recommit 2313	
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.				X
TANIGUCHI, Brian T.		X		
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	9	1		1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes