

JAN 22 2021

A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAX EXEMPTIONS.

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

1 SECTION 1. The legislature finds that Hawaii has the
2 highest cost of living in the nation. The general excise tax is
3 levied on nearly every economic activity, which, due to the
4 tax's highly regressive structure, disproportionately affects
5 low-income and middle-class families. This regressive nature
6 makes it difficult for average families to afford basic life
7 expenses, such as food and medical care.

8 Food is a major expense for Hawaii families. Although
9 thirty-two states and the District of Columbia exempt groceries
10 from their sales taxes, Hawaii is among the minority that taxes
11 food sales. An average two-person household would save more
12 than \$400 each year if food were exempt from the general excise
13 tax.

14 Health care is another major expense for local families.
15 Although forty-one states exclude medical services from their
16 sales taxes, Hawaii is among the minority of states that taxes
17 medical and dental services.



1 Finally, feminine hygiene products are an essential
2 purchase that cost women an average of \$300 a year. Although
3 several states that impose sales or excise taxes exempt feminine
4 hygiene products from taxation, Hawaii does not.

5 The purpose of this Act is to help alleviate the general
6 excise tax burden on local households by exempting food, medical
7 services, and feminine hygiene products from the general excise
8 tax.

9 SECTION 2. Chapter 237, Hawaii Revised Statutes, is
10 amended by adding three new sections to be appropriately
11 designated and to read as follows:

12 "§237- Exemption of food items. (a) There shall be
13 exempted from, and excluded from the measure of, the taxes
14 imposed by this chapter all of the gross proceeds or income
15 arising from the manufacture, production, packaging, and sale of
16 food items within the State.

17 (b) As used in this section, "food items" means:

18 (1) Any food or food product for home consumption, except
19 alcoholic beverages, tobacco, and food products
20 prepared at the place of sale or at another location
21 and sold primarily for immediate or nearly immediate



1 consumption; provided that this exception shall not
2 apply to the prepared food products authorized under
3 the following paragraphs;

4 (2) In the case of those persons who are sixty years of
5 age or over or who receive supplemental security
6 income benefits or disability or blindness payments
7 under title I, II, X, XIV, or XVI of the Social
8 Security Act (42 U.S.C. 301 et seq., 401 et seq., 1201
9 et seq., 1351 et seq., 1381 et seq.) and their
10 spouses, meals prepared by and served in senior
11 citizens' centers, apartment buildings occupied
12 primarily by these persons, public or private
13 nonprofit establishments, eating or otherwise, that
14 feed these persons, private establishments that
15 contract with the appropriate agency of the State to
16 offer meals for these persons at concessional prices,
17 and meals prepared for and served to residents of
18 federally subsidized housing for the elderly;

19 (3) In the case of persons sixty years of age or over and
20 persons who are physically or mentally handicapped or
21 otherwise so disabled that they are unable adequately



1 to prepare all of their meals, meals prepared for and
2 delivered to them and their spouses at their home by a
3 public or private nonprofit organization or by a
4 private establishment that contracts with the
5 appropriate state agency to perform these services at
6 concessional prices;

7 (4) In the case of disabled or blind recipients of
8 benefits under title I, II, X, XIV, or XVI of the
9 Social Security Act (42 U.S.C. 301 et seq., 401 et
10 seq., 1201 et seq., 1351 et seq., 1381 et seq.), who
11 are residents in a public or private nonprofit group
12 living arrangement that serves no more than sixteen
13 residents and is certified by the appropriate State
14 agency or agencies, meals prepared and served under
15 the arrangement;

16 (5) In the case of persons temporarily residing in public
17 or private nonprofit shelters for victims of domestic
18 violence, meals prepared and served by these shelters;

19 and

20 (6) In the case of households that do not reside in
21 permanent dwellings and households that have no fixed



1 mailing addresses, meals prepared for and served by a
 2 public or private nonprofit establishment approved by
 3 an appropriate state or local agency that feeds these
 4 individuals and by private establishments that
 5 contract with the appropriate agency of the State to
 6 offer meals for these individuals at concessional
 7 prices.

8 The phrase "food items" may be further defined by the
 9 department of taxation by rule through the enumeration of items
 10 in rules or informational releases; provided that the department
 11 of taxation shall consult with the federal Food and Nutrition
 12 Service of the United States Department of Agriculture in
 13 further defining the phrase "food items" for the purposes of the
 14 federal supplemental nutrition assistance program.

15 §237- Exemption for medical services. (a) There shall
 16 be exempted from, and excluded from the measure of, the taxes
 17 imposed by this chapter all of the gross proceeds arising from
 18 the sale of medical services.

19 (b) As used in this section, "medical services" means
 20 services provided by a person licensed under chapters 436E, 442,
 21 447, 448, 448B, 451A, 451J, 451K, 452, 453, 453D, 455, 457,



1 457A, 457G, 458, 459, 461, 461J, 463E, 465, 465D, 466D, 466J, or
2 468E.

3 §237- Exemption for feminine hygiene products. (a)

4 There shall be exempted from, and excluded from the measure of,
5 the taxes imposed by this chapter all of the gross proceeds
6 arising from the sale of feminine hygiene products.

7 (b) As used in this section, "feminine hygiene product"
8 means a sanitary napkin, sanitary towel, tampon, panty liner,
9 douche, feminine hygiene syringes, menstrual cup, sanitary pad,
10 or vaginal creams, foams, ointments, jellies, powders, and
11 sprays used for hygiene purposes."

12 SECTION 3. New statutory material is underscored.

13 SECTION 4. This Act shall take effect on July 1, 2021.

14 INTRODUCED BY: Kurt Favelle



S.B. NO. 849

Report Title:

General Excise Tax; Exemptions; Food; Medical Services; Feminine Hygiene Products

Description:

Establishes general excise tax exemptions for food, medical services, and feminine hygiene products.

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

