

JAN 25 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 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 highly regressive structure of the tax, disproportionately
5 affects low-income and middle-class families. Although
6 businesses are required to pay general excise taxes out of their
7 gross receipts, those taxes are passed on to customers in the
8 form of higher prices. Because the general excise tax affects
9 almost all areas of economic activity, it can make it difficult
10 for average families to afford basic life expenses, such as
11 medical services, food, and housing.

12 The purpose of this Act is to exempt certain medical
13 services, food, and rent from the general excise tax.

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



1 "§237- Exemption for medical services. (a) There shall
2 be exempted from, and excluded from the measure of, the taxes
3 imposed by this chapter, all of the gross proceeds arising from
4 the sale of medical services.

5 (b) As used in this section, "medical services" includes
6 those services provided within hospitals, medical clinics, and
7 private medical practices that are performed by a person
8 licensed under chapter 436E, 442, 447, 448, 448B, 451A, 451J,
9 451K, 452, 453, 453D, 455, 457, 457A, 457G, 458, 459, 461, 461J,
10 463E, 465, 465D, 466D, 466J, or 468E.

11 §237- Exemption for sales of food. There shall be
12 exempted from, and excluded from the measure of, the taxes
13 imposed by this chapter, all gross proceeds or income arising
14 from the sale of Supplemental Nutrition Assistance Program-
15 eligible items; provided that soft drinks shall not be exempted
16 by this section.

17 §237 Exemption for rental payments. There shall be
18 exempted from, and excluded from the measure of, the taxes
19 imposed by this chapter, all gross proceeds arising from the
20 rental of residential real property."

21 SECTION 3. New statutory material is underscored.

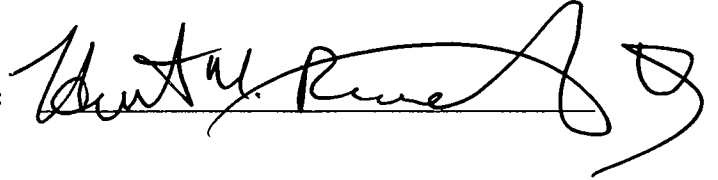


S.B. NO. 1239

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

2

INTRODUCED BY:

A handwritten signature in black ink, appearing to read "Anthony R. Pineda", written over a horizontal line. The signature is stylized and includes a large flourish at the end.

S.B. NO. 1239

Report Title:

General Excise Tax; Exemption; Medical Services; Supplemental Nutrition Assistance Program; Rent

Description:

Exempts certain medical services, food, and rent from the general excise tax.

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

