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# 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 highly regressive structure of the tax, disproportionately  
5 affects low-income and middle-class families. This regressive  
6 nature makes it difficult for some families to afford basic life  
7 necessities, such as diapers. Diapers are a large expense for  
8 Hawaii families with small children and are essential to babies'  
9 and toddlers' health as they each require about fifty diaper  
10 changes per week, or roughly two hundred diaper changes per  
11 month. However, according to the National Diaper Bank Network,  
12 one in three families struggles to afford clean diapers for  
13 their children.

14           Hawaii children who come from low-income families are at-  
15 risk to meet their diaper needs. According to the National  
16 Diaper Bank Facts on Hawaii, fifteen per cent of Hawaii families  
17 are recipients of supplemental nutrition assistance program



1 benefits with children under the age of five; twenty-three per  
2 cent of Hawaii families are women, infants, and children program  
3 benefit recipients with infant children; and thirty-eight per  
4 cent of Hawaii families receive temporary assistance for needy  
5 families benefits with at least one child under the age of  
6 three. The maximum amount a family of one parent and two  
7 children can receive in temporary assistance for needy families  
8 benefits is \$610. It is estimated that thirteen per cent of  
9 this maximum benefit goes toward diaper needs. Additionally,  
10 thirty-one per cent of Hawaii families have births covered by  
11 medicaid. This data shows that there is a significant number of  
12 families who are at risk of not having enough financial  
13 resources to provide necessities, such as diapers, for their  
14 children.

15 The legislature further finds that many child care  
16 facilities require parents to provide diapers for their  
17 children. Families who do not have access to clean diapers  
18 cannot access child care and often miss work, reducing their  
19 monthly income. Hawaii currently has two National Diaper Bank  
20 Network member diaper banks that provide diapers to families;  
21 however, this does not meet the needs of all families who



1 struggle to provide clean diapers for their children. According  
2 to the National Diaper Bank, Hawaii families spend an average  
3 monthly cost of \$80 on diapers. According to the American  
4 Academy of Pediatrics, families may spend up to \$1,000 during  
5 the first year of a child's life, which does not include the  
6 costs of diaper wipes, diaper creams, and other diapering items.

7 The legislature also finds that dirty diapers put healthy  
8 children at risk of various diseases due to parasites, bacteria,  
9 and viruses linked to dirty diapers. Dirty diapers can cause  
10 diaper rash or diaper dermatitis, including *Candida*, a type of  
11 yeast infection, and *Seborrhea*, a type of infectious skin  
12 condition caused when skin is exposed to moisture, friction,  
13 urine, stool, or other skin irritants. Other germs found in  
14 dirty diapers are salmonella, listeria, and norovirus, which can  
15 cause a healthy child to quickly fall ill. Hepatitis A is the  
16 most common viral infection found in dirty diapers, which can  
17 lead to other hepatitis-related infections, according to the  
18 American Academy of Pediatrics. The American Academy of  
19 Pediatrics also notes that certain diaper dermatitis can lead to  
20 bladder infections that can cause urinary tract infections,  
21 which more commonly affect girls.



1           The legislature notes that there are several other states  
2 that exempt diapers from sales or excise taxes, while Hawaii  
3 does not. The legislature believes that Hawaii should follow  
4 the lead of these states by exempting diaper products from the  
5 general excise tax.

6           Accordingly, the purpose of this Act is to help alleviate  
7 the general excise tax burden on local families and individuals  
8 by establishing a general excise tax exemption for the gross  
9 proceeds or income from the manufacture, production, packaging,  
10 and sale of diapers in the State.

11           SECTION 2. Chapter 237, Hawaii Revised Statutes, is  
12 amended by adding a new section to be appropriately designated  
13 and to read as follows:

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

19           (b) As used in this section, "diaper" means an absorbent  
20 garment that:



- 1        (1) Is washable or disposable that may be worn by an
- 2                infant or toddler who is not toilet-trained; and
- 3        (2) If disposable:
- 4                (A) Does not use any latex or common allergens; and
- 5                (B) Meets or exceeds the quality standards for
- 6                        diapers commercially available through retail
- 7                        sale in the following categories:
- 8                        (i) Absorbency (with acceptable rates for first
- 9                                and second wetting);
- 10                        (ii) Waterproof outer cover;
- 11                        (iii) Flexible leg openings; and
- 12                        (iv) Refastening closures."

13        SECTION 3. New statutory material is underscored.

14        SECTION 4. This Act shall take effect on June 30, 3000.



**Report Title:**

General Excise Tax Exemption; Diapers

**Description:**

Establishes a general excise tax exemption for the gross proceeds or income from the manufacture, production, packaging, and sale of diapers. Effective 6/30/3000. (HD1)

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

