

JAN 25 2023

A BILL FOR AN ACT

RELATING TO THE GENERAL EXCISE TAX.

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

1 SECTION 1. Chapter 237, Hawaii Revised Statutes, is
2 amended by adding two new sections to be appropriately
3 designated and to read as follows:

4 "§237- Groceries; reduced rate; exemption. (a)

5 Notwithstanding any other provision of law to the contrary,
6 there is hereby levied and shall be assessed and collected, a
7 tax equivalent to:

8 (1) In calendar year 2024, three per cent;

9 (2) In calendar year 2025, two per cent; and

10 (3) In calendar year 2026, one per cent,

11 of the gross proceeds from the retail sale of groceries within
12 the State; provided that the tax rates for the applicable tax
13 years shall be in lieu of the tax imposed by section 237-13 on
14 the retail sale of groceries.

15 (b) Beginning January 1, 2027, there shall be exempted
16 from, and excluded from the measure of, the taxes imposed by



1 this chapter all of the gross proceeds or gross income received
2 from the retail sale of groceries within the State.

3 (c) For the purposes of this section:

4 "Food" or "food product" means substances, whether in
5 liquid, concentrated, solid, frozen, dried, or dehydrated form,
6 that are sold for human consumption and are consumed for their
7 taste or nutritional value.

8 "Groceries" means any food or food product for home
9 consumption. "Groceries" may be further defined by the
10 department by rule through the enumeration of items in rules or
11 tax informational release.

12 **§237- Nonprescription drugs; reduced rate; exemption.**

13 (a) Notwithstanding any other provision of law to the contrary,
14 there is hereby levied and shall be assessed and collected, a
15 tax equivalent to:

16 (1) In calendar year 2024, three per cent;

17 (2) In calendar year 2025, two per cent; and

18 (3) In calendar year 2026, one per cent,

19 of the gross proceeds from the retail sale of nonprescription
20 drugs within the State; provided that the tax rates for the



1 applicable tax years shall be in lieu of the tax imposed by
2 section 237-13 on the retail sale of nonprescription drugs.

3 (b) Beginning January 1, 2027, there shall be exempted
4 from, and excluded from the measure of, the taxes imposed by
5 this chapter all of the gross proceeds or gross income received
6 from the sale of nonprescription drugs within the State.

7 (c) For the purposes of this section:

8 "Drug" means:

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

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

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



S.B. NO. 1576

Report Title:

General Excise Tax; Rate Reduction; Exemption; Groceries;
Nonprescription Drugs

Description:

Gradually reduces the general excise tax rate imposed on the retail sale of groceries and nonprescription medication over a period of four years until eliminated in calendar year 2027. Preserves the county surcharge on tax and the general excise tax on wholesales of groceries and nonprescription medication. Effective 1/1/2024.

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

