

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
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GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 572, Relating to General Excise Tax

BEFORE THE:

House Committee on Economic Development & Technology

DATE: Wednesday, February 5, 2025

TIME: 10:00 a.m.

LOCATION: State Capitol, Room 423

Chair Ilagan, Vice-Chair Hussey, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 572 for your consideration.

Section 2 of H.B. 572 adds a new section to chapter 237, Hawaii Revised Statutes (HRS), establishing a general excise tax (GET) exemption on the gross proceeds on sales of food and groceries. The GET would continue to apply to food and groceries that are furnished, prepared, or served as meals (i.e., generally - restaurants), with the exception for:

- (1) meals prepared in senior citizen centers and similar elder care establishments for persons 60 years of age and over, and their spouses, who receive specified social security benefits;
- (2) meals prepared and delivered by a public or private nonprofit, or a state agency contracted provider at concessional prices, for persons 60 years of age and over, and their spouses, who are physically, mentally, or otherwise disabled and unable to prepare all of their own meals;

- (3) meals prepared and served by a State certified agency for disabled or blind recipients of specified federal benefits who are residents of a public or private nonprofit group home with 16 or less residents;
- (4) meals prepared and served by public or private nonprofit shelters providing women and children temporary residency; and
- (5) meals prepared and served by a public or private nonprofit State or local agency approved and contracted establishment, offered at concessional prices, to households without permanent dwellings and households that have no fixed mailing addresses.

Definitions are provided for the terms “groceries,” “food,” and “prepared food.”

Section 3 of H.B. 572 amends section 2, subsection 12, of Act 47, Session Laws of Hawaii 2024, by deleting the Medicare, Medicaid, and TRICARE limitation, effectively expanding the GET exemption for all healthcare-related goods or services purchased from a hospital, infirmary, medical clinic, health care facility, pharmacy, or medical or dental practitioner rather than just goods or services purchased under those programs.

This measure shall take effect on January 1, 2027.

Regarding section 2 of the bill, DOTAX notes that the proposed definitions present administrative and compliance challenges. For example, the definition of “groceries” references “food products,” but the bill does not define “food products”. While the bill authorizes DOTAX to further define “groceries”, DOTAX, grocers, and retailers will still face challenges agreeing on and tracking what constitutes a food product or grocery exempt from the GET under the measure.

Further, the definition of “food” and food products, exempts alcoholic beverages, tobacco, prepared food, soft drinks, dietary supplements, and cold or hot food sold from vending machines, provided that a cold food sold from a vending machine that is subsequently heated is “subject to this chapter.” This definition would impose a complicated framework on retailers and DOTAX to determine whether specific items are exempt under the measure.

DOTAX recommends amending the bill to exempt products akin to section 237-24.3(5), HRS, which exempts purchases made with United States Department of Agriculture food coupons under the federal food stamp program, and amounts received

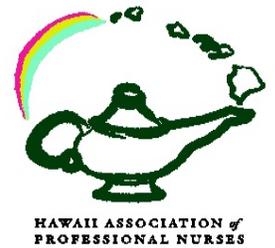
for purchases made with United States Department of Agriculture food vouchers under the Special Supplemental Foods Program for Women, Infants and Children. Businesses that sell food and groceries are familiar with the federal definitions and already track such sales. This avoids parsing what would qualify as “food,” food products, “groceries,” prepared, or served meals and whether the new exemption applies.

If the amendments suggested under section 2 of this measure are incorporated, DOTAX can administer section 2 of the measure by the effective date of January 1, 2027.

DOTAX can administer the amendments proposed under section 3 of the measure, regarding the medical GET exemption, by the proposed effective date of January 1, 2027, but notes that the existing GET exemption for certain medical receipts under Act 47, Session Laws of Hawaii 2024 is scheduled to become effective on January 1, 2026.

Thank you for the opportunity to provide comments on this measure.

Hawai'i Association of Professional Nurses (HAPN)



To: The Honorable Representative Greggor Ilagan, Chair of the House Committee on Economic Development & Technology

From: Hawai'i Association of Professional Nurses (HAPN)

Subject: HB572 – Relating to General Excise Tax

Hearing: Wednesday, February 5, 2025, 10:00 a.m.

Aloha Representative Ilagan, Chair; Representative Hussey, Vice Chair; and Committee Members,

On behalf of the Hawai'i Association of Professional Nurses (HAPN), we appreciate the opportunity to voice our strong support for HB572, which seeks to exempt food and medical services from the general excise tax (GET). This measure is a critical step toward reducing the cost of living in Hawai'i and improving healthcare access across our state.

Building on Legislative Progress: The Passage of SB1035

The Hawai'i State Legislature took an important step in 2024 by passing SB1035, which removed GET on medical services provided by Medicare, Medicaid, and TRICARE. This was a historic recognition that taxing healthcare exacerbates provider shortages and increases costs for patients. HB572 builds on this progress by expanding GET exemptions to all medical services, ensuring financial relief for both providers and patients.

SB1035 was a crucial first step, but it did not go far enough. Hawai'i remains one of the only states that continues to tax private healthcare services, creating a financial barrier for independent healthcare providers and worsening the provider shortage. Exempting all medical services from GET will:

- Help retain and attract healthcare providers to Hawai'i.
- Reduce healthcare costs for patients.
- Strengthen private practices, which play a crucial role in addressing Hawai'i's healthcare needs.

The High Cost of Food: A Social Determinant of Health

Food security is a fundamental determinant of public health and well-being. Hawai'i has some of the highest grocery prices in the nation, nearly 50% above the national average, making it difficult for families to afford nutritious meals. This financial burden has a direct impact on health outcomes, particularly for low-income families, kūpuna, and individuals managing chronic illnesses.

- A family of four on the Thrifty Food Plan would save approximately \$687 annually under this exemption.
- 39 states and the District of Columbia already exempt groceries from sales taxes, recognizing that taxing food disproportionately affects lower-income households.

- Food insecurity is a growing public health crisis in Hawai'i, and addressing affordability through tax policy is a meaningful step toward improving long-term health outcomes.

Request to Maintain the Effective Date of January 1, 2026

We respectfully request that the effective date of this bill remain January 1, 2026, as established in SB1035, rather than being extended further.

- Delaying implementation would prolong financial burdens on Hawai'i residents, families, and healthcare providers who are already struggling with the high cost of living.
- The State's \$1 billion general fund surplus and projected continued surpluses make it fiscally responsible to implement these exemptions without delay.
- Ensuring the timely enactment of these tax exemptions will provide immediate relief, supporting Hawai'i's working families and strengthening our healthcare system.

HAPN's Commitment to Healthcare Access

HAPN has long advocated for policies that expand access to quality healthcare and support the financial viability of independent healthcare practices. We believe HB572 aligns with these objectives by removing financial barriers to care and addressing the affordability of basic necessities.

For these reasons, we urge the committee to pass HB572 and to maintain the January 1, 2026, effective date.

Thank you for the opportunity to testify in strong support of this measure. We appreciate your commitment to improving the economic and healthcare landscape in Hawai'i and look forward to the bill's progress.

Respectfully,

Dr. Jeremy Creekmore, APRN
HAPN President

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Exemption for Food; Expand Exemption for Health Care Services

BILL NUMBER: HB 572

INTRODUCED BY: MATSUMOTO, ALCOS, GARCIA, KONG, PIERICK, WARD

EXECUTIVE SUMMARY: Exempts food and groceries from the general excise tax. Expands a 2024 session law exempting certain medical and dental services to include all medical and dental services.

SYNOPSIS: Adds a new section to chapter 237, HRS, to exempt from the GET the gross proceeds arising from the sale of food or groceries. Prepared meals would not be exempt, with certain narrow exemptions.

Defines "'Groceries" as any food or food product for home consumption. "Groceries" may be further defined by the department by rule through the enumeration of items in rules or tax informational release.

Defines "Food" as substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for their ingestion or chewing by humans and are consumed for their taste or nutritional value. Food or food ingredients does not include alcoholic beverages, tobacco, prepared food, soft drinks, dietary supplements, or food or food ingredients sold from a vending machine, whether cold or hot; provided that food or food ingredients sold from a vending machine that is subsequently heated shall be subject to this chapter.

Defines "Prepared food" as: (1) Food sold in a heated state or heated in by the seller;

(2) Food sold with eating utensils provided by the seller, including plates, knives, forks, spoons, chopsticks, glasses, cups, napkins, or straws. A plate does not include a container or packaging used to transport the food; or

(3) Two or more food ingredients mixed or combined by the seller for sale as a single item, except:

(A) Food that is only cut, repackaged, or pasteurized by the seller; or

(B) Raw eggs, meat, poultry, or foods containing these raw animal foods requiring cooking by the consumer as recommended by the federal Food and Drug Administration in Chapter 3, part 401.11 of the Food Code, published by the Food and Drug Administration, as amended or renumbered, to prevent foodborne illness."

Amends section 2 of Act 47, SLH 2024, to expand the GET exemption for healthcare-related goods or services to encompass all such sales regardless of payor. Current law requires that the goods or services be purchased under Medicare, Medicaid, or TRICARE.

EFFECTIVE DATE: January 1, 2027.

STAFF COMMENTS: For the food exemption, we observe that existing law, section 237-24.3(5), already exempts purchases made with USDA food vouchers under the federal food stamp program (now Supplemental Nutrition Assistance Program or SNAP) and the Special Supplemental Foods Program for Women, Infants and Children (WIC). Grocery stores and the Department thus already have some idea of what kinds of foods are allowed under SNAP and WIC. Defining a grocery exemption in this manner appears to be reasonable and along the line of least resistance.

For the second exemption, the bill as drafted amends a 2024 Session Law. Because the language already has been codified into chapter 237, HRS, we recommend that the amendment be to section 237-24.3, HRS, instead.

Digested: 1/30/2025



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Joe Carter, Coca-Cola Bottling of Hawaii, *Advisor*
Eddie Asato, Pint Size Hawaii, *Advisor*
Gary Okimoto, Safeway, *Immediate Past Chair*

TO: Committee on Economic Development and Tourism

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, Executive Director

DATE: February 5, 2025

TIME: 10am

RE: HB572 Relating to General Excise Tax

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, manufacturers and distributors of food and beverage related products in the State of Hawaii.

HFIA is in strong support of HB572, which seeks to eliminate the General Excise Tax (GET) on groceries and nonprescription drugs in Hawai'i.

Hawai'i has one of the highest costs of living in the nation, placing immense financial strain on local families. The combination of **inflation, supply chain disruptions, and the economic effects of the COVID-19 pandemic** has exacerbated food insecurity, leaving **nearly 30% of households food insecure in 2023**, according to the Hawai'i Foodbank. On Hawai'i Island, the situation is even more dire, with **The Food Basket reporting a food insecurity rate of 40%**.

Under these circumstances, **taxing food is both unethical and unnecessary**. Grocery taxes disproportionately burden low- and middle-income families, exacerbating economic hardship and worsening food insecurity. **Hawai'i's 4.5% GET adds an estimated \$773 per year** in additional costs for a family of four under the USDA's Thrifty Food Plan. For many residents, this is the difference between putting food on the table and going hungry.

The Link Between Grocery Taxes and Food Insecurity

Decades of research confirm that grocery taxes **directly contribute to higher rates of food insecurity**:

- A **2021 study by Cornell University** found that even small increases in grocery taxes significantly increase the likelihood of food insecurity among low-income households.
- The **Food Research & Action Center (FRAC)** found that states with grocery taxes of **4% or more see a 3% increase in food insecurity**.
- The **Food Research & Action Center (FRAC)** found that states with grocery taxes of **4% or more see a 3% increase in food insecurity**.
-
- According to a **2021 study published in Food Policy**, states that impose grocery taxes rank among the most food insecure in the country.

Furthermore, taxing essential food and medicine is a **regressive policy** that disproportionately affects kūpuna, low-income families, and individuals with disabilities. Families experiencing food insecurity **skip meals, purchase less nutritious options, and reduce portion sizes**, leading to negative long-term health outcomes.

Economic Benefits of Eliminating the GET on Groceries

The vast majority of U.S. states do not tax groceries because they recognize the harm it causes to families and the economy. In recent years, multiple states have taken action:

- **Kansas** began phasing out its **6.5% food tax in 2023**, reducing it to **4% in 2024**, with a plan to eliminate it entirely by 2025.
- **Alabama and Virginia** have also reduced or eliminated grocery taxes, implementing **phased approaches** to balance budgetary needs while providing immediate relief to residents.
- **Georgia's phased elimination of grocery taxes in the 1990s** resulted in **\$691.4 million in household savings, 18,577 new jobs, and \$1.45 billion in economic output by 2021**.

These examples show that states can remove grocery taxes **without jeopardizing their budgets**, while simultaneously **reducing food insecurity and boosting economic activity**.

Health and Social Consequences of Grocery Taxes

Taxing groceries and essential medicines contributes to **worse health outcomes**, particularly among children and vulnerable populations:

- **Higher rates of obesity, diabetes, and cardiovascular disease** as families rely on lower-cost, less nutritious foods.

- **Increased healthcare costs** due to the long-term impacts of food insecurity.
- **Negative effects on childhood development, education, and mental health** due to poor nutrition and chronic stress.

A study published in **Health Economics Review** found that **grocery taxes increase food insecurity, leading to worse health outcomes and higher healthcare costs**. Reducing the GET on groceries would provide much-needed relief, allowing families to prioritize nutrition, healthcare, and other essential expenses.

Conclusion

Hawai'i is already facing a severe food insecurity crisis, and continuing to tax groceries will only worsen the situation. Research consistently shows that **grocery taxes harm low-income families, increase food insecurity, and contribute to economic inequality**. Eliminating the GET on food and nonprescription drugs will:

- **Provide immediate financial relief to residents**
- **Reduce food insecurity and improve health outcomes**
- **Align Hawai'i's tax policy with the majority of U.S. states**
- **Stimulate the local economy by increasing consumer spending**

I respectfully urge the Legislature to pass **HB 933** and remove the GET on essential groceries and nonprescription drugs, ensuring that no Hawai'i resident has to choose between paying taxes and feeding their family.

Mahalo for the opportunity to testify.

Additional Sources:

<https://business.cornell.edu/hub/2021/05/18/researchers-find-grocery-taxes-harm-low-income-households/>

<https://www.audits.ga.gov/ReportSearch/download/28852>

<https://wfpc.sanford.duke.edu/research/grocery-food-taxes-and-evidence-for-food-security-policy-makers/>

<https://news.cornell.edu/stories/2021/05/study-grocery-taxes-increase-likelihood-food-insecurity>

<https://www.fns.usda.gov/snap/thriftyfoodplan>



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
House Committee on Economic Development & Technology
Wednesday, February 5, 2025 at 10:00 a.m.

By

T. Samuel Shomaker, Dean and
Kelley Withy, MD, Professor, Department of Family Medicine and Community Health,
Hawaii/Pacific Basin Area Health Education Center (AHEC) Director
John A. Burns School of Medicine

And

Michael Bruno, Provost
University of Hawai'i at Mānoa

HB 572 – RELATING TO GENERAL EXCISE TAX

Chair Ilagan, Vice Chair Hussey, and Members of the Committee:

Thank you for the opportunity to provide testimony in SUPPORT of Section 3 of HB 572 which exempts all medical and dental services from the general excise tax.

Hawai'i faces a shortage of almost 800 physicians. Increasing costs and reduced reimbursements have negatively impacted primary care providers, and many providers are struggling to keep their practices open especially on the neighbor islands. Through the surveys of physicians conducted by the John A. Burns School of Medicine (JABSOM) at the Hawai'i Health Workforce Summit as to what could be done to recruit and retain more physicians, the fourth most popular answer from the 274 respondents to the survey was eliminating the GET on medical services.

Medical services rendered at a nonprofit hospital, infirmary, or sanitarium are exempt from the general excise tax, while the same services rendered by individual or group practices or clinics are fully taxable. Presently, government programs such as Medicare, Medicaid, and TRICARE do not compensate for the difference created by the general excise tax, leading to some inconsistency in the economic impact to health care providers. Should the provider try to pass on the tax to the patient, they may be subject to criminal penalties. This measure would be beneficial in eliminating the disparity in compensation as well as easing the financial burden for privately practicing providers. This in turn may encourage more physicians to practice and remain in Hawai'i.

Thank you for the opportunity to provide testimony on this bill.



To: The Honorable Greggor Ilagan, Chair
The Honorable Ikaika Hussey, Vice Chair
House Committee on Economic Development & Technology

From: Paula Arcena, External Affairs Vice President
Mike Nguyen, Public Policy Manager
Sarielyn Curtis, External Affairs Specialist

Hearing: Wednesday, February 5, 2025, 10:00 a.m., Conference Room 423

RE: **HB572 Relating to the General Excise Tax**

AlohaCare appreciates the opportunity to provide testimony in **support of HB572**. This measure exempts food and groceries from the general excise tax and expands a 2024 session law exempting certain medical and dental services to include all medical and dental services.

Founded in 1994 by Hawai'i's community health centers, AlohaCare is a community-rooted, non-profit health plan serving over 70,000 Medicaid and dual-eligible health plan members on all islands. Approximately 37 percent of our members are keiki. We are Hawai'i's only health plan exclusively dedicated to serving Medicaid and Medicaid-Medicare dually-eligible beneficiaries. Our mission is to serve individuals and communities in the true spirit of aloha by ensuring and advocating for access to quality, whole-person care for all.

AlohaCare's commitment to whole person care includes addressing a variety of social determinants of health, including access to care, economic stability, and nutrition among other factors. According to the Hawaii Foodbank, approximately 1 in 3 families in Hawai'i are food insecure.¹ We understand that without access to affordable healthy food, the health and well-being of our members is negatively impacted. Families with access to food are more likely to see their doctors for routine health checkups, preventing chronic health conditions and increasing the ability to manage disease.² Eliminating the general excise tax on food and groceries will reduce the financial burden for families, assist in closing the food access gap, and improve overall health outcomes.

¹ hawaiifoodbank.org/food-insecurity/

² [SNAP Is Linked with Improved Health Outcomes and Lower Health Care Costs | Center on Budget and Policy Priorities](#)



With regard to healthcare services, our state continues to experience a provider shortage, with the unmet need for physicians equaling 768 FTEs statewide.³ AlohaCare applauds the Legislature for enacting Act 47 of the 2024 Session Laws, which exempts all healthcare related goods and services purchased under Medicaid, Medicare, or TRICARE from the general excise tax. This bill expands this innovative act to include food, groceries, and all healthcare goods and services. Expanding the general excise tax exemption to all healthcare goods and services will provide an incentive to practice in our state, decreasing the financial burden put on providers.

AlohaCare understands that a collaborative effort is necessary and aims to be part of the solution to addressing the provider shortage. This year we grew our *Imua Loa* community giving program into the AlohaCare Foundation, which includes healthcare scholarships, charitable donations, and grants specifically targeted to providers.⁴ This measure will complement existing efforts such as the AlohaCare Foundation's, increasing our state's investment in the healthcare workforce.

We believe this bill will benefit broadly the Medicaid population and our state's residents by improving the affordability of food and increasing access to care.

Mahalo for this opportunity to testify in **support** of the **HB572**.

³ [ahc.hawaii.edu/ docs/annual-physician-workforce-report-2024](https://ahc.hawaii.edu/docs/annual-physician-workforce-report-2024)

⁴ [AlohaCare – Imua Loa](#)

February 5, 2025

To: Chair Ilagan, Vice Chair Hussey, and Members of the House Committee on Economic Development and Technology (ECD)

From: Hawaii Association of Health Plans Public Policy Committee

Date/Location: February 5, 2025; 10:00 a.m./Conference Room 423 & Videoconference

Re: Testimony in support of HB 572 – Relating to General Excise Tax

The Hawaii Association of Health Plans (HAHP) would like to express our support of HB 572. HAHP is a statewide partnership that unifies Hawaii's health plans to improve the health of Hawaii's communities together. A majority of Hawaii residents receive their health coverage through a plan associated with one of our organizations.

HAHP appreciates the efforts of lawmakers to exempt food, groceries, and all medical and dental services from Hawaii's general excise tax. These exemptions will make it easier for Hawaii residents to afford healthy foods, while enhancing the many efforts underway to address Hawaii's provider shortage by making our state a more attractive place for health care providers to practice.

Thank you for the opportunity to testify on HB 572.

Sincerely,

HAHP Public Policy Committee

cc: HAHP Board Members

Feb. 5, 2025, 10 a.m.
Hawaii State Capitol
Conference Room 423 and Videoconference

To: House Committee on Economic Development and Technology
Rep. Greggor Ilagan, Chair
Rep. Ikaika Hussey, Vice Chair

From: Grassroot Institute of Hawaii
Ted Kefalas, Director of Strategic Campaigns

RE: HB572 — RELATING TO GENERAL EXCISE TAX

Aloha Chair Ilagan, Vice-Chair Hussey and other members of the Committee,

The Grassroot Institute of Hawaii **supports** [HB572](#), which would exempt from the general excise tax all medical services offered by medical or dental providers, groceries and certain prepared meals.

This is a good bill, one that would make an immediate difference when it comes to addressing Hawaii's high cost of living. Research shows that taxes on groceries contribute to less spending on meals at home¹ and higher food insecurity,² so exempting groceries would go a long way toward making Hawaii more affordable for these struggling Hawaii residents.

In addition, the state's 4% general excise tax is regressive, hitting low and middle-income individuals and families the hardest, so again, an exemption affecting many of these families would help them keep food on their tables.

This bill would also have broader benefits. The Georgia state auditor recently estimated that Georgia's sales tax exemption for groceries created more than 5,000 jobs and an additional \$807 million in economic output.³

¹ Diansheng Dong and Hayden Stewart, "[Food Taxes and Their Impacts on Food Spending](#)," U.S. Department of Agriculture, Economic Research Service, Sept. 2021, p. 7.

² Jianqiang Zhao, "[Putting Grocery Food Taxes on the Table: Evidence for Food Security Policy-Makers](#)," Master's Thesis, Cornell University, Aug. 2020, p. iii.

³ "[Tax Incentive Evaluation: Grocery Sales Tax Exemption](#)," Georgia Department of Audits and Accounts, Dec. 13, 2022.

For anyone concerned that tourists might be the primary beneficiaries of changes to the GET, HB933 limits the proposed exemption to only groceries and prepared meals served at senior citizens' centers and certain charities. The bill would retain the excise tax on restaurants, and thus a significant amount of visitor food spending.

In 2022, the Hawaii Department of Taxation director estimated that exempting groceries from the general excise tax could save taxpayers \$268 million,⁴ giving everyone relief from Hawaii's cost of living.

Regarding medical care, expanding the current excise tax exemption for medical services provided under Medicare, Medicaid and TRICARE would go a long way toward making healthcare more accessible and helping Hawaii recruit and retain physicians.

Hawaii's physician shortage stands at 768, up from 757 in 2023. Hawaii Island and Maui have the highest shortages as a percent of the workforce, at 40% and 41% respectively.⁵

Last year's [Act 47](#) — which created a limited GET exemption for medical services payments provided under Medicare, Medicaid and TRICARE — will no doubt help Hawaii's doctors when it comes into force in 2026, but this bill would provide immediate relief from the excise tax, ending Hawaii's status as the only state to tax medical care.⁶

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

⁴ Isaac Choy, "[Column: GET not as regressive as some believe](#)," Honolulu Star-Advertiser, July 24, 2022.

⁵ "[Annual Report on Findings from the Hawai'i Physician Workforce Assessment Project](#)," University of Hawai'i, December 2024, p. 6.

⁶ Keli'i Akina, "[Let's end embarrassing tax on medical services](#)," Grassroot Institute of Hawaii, April 20, 2024.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY
HAWAII STATE CAPITOL, CONFERENCE ROOM 423
Wednesday, February 5, 2025 AT 10:00 A.M.**

To The Honorable Representative Greggor Ilagan, Chair
The Honorable Representative Ikaika Hussey, Vice Chair
Members of the Committee on Economic Development & Technology

SUPPORT HB572 RELATING TO GENERAL EXCISE TAX

The Maui Chamber of Commerce **SUPPORTS HB572** which exempts food and groceries from the general excise tax, and expands a 2024 session law exempting certain medical and dental services to include all medical and dental services.

The Chamber agrees with the intent of this proposal. Given Hawai'i's high cost of living, which most profoundly impacts working families and those in need, we have long supported GET exemptions on the items included in this bill.

This measure would help lower the cost of living for the state's residents.

For these reasons, we **SUPPORT HB572**. We appreciate the opportunity to provide testimony on this matter and respectfully ask that you pass this bill.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY
Rep. Greggor Ilagan, Chair
Rep. Ikaika Hussey, Vice Chair

HB572
RELATING TO GENERAL EXCISE TAX

Wednesday, February 5, 2025, 10:00 AM
Conference Room 423 & Videoconference

Chair Ilagan, Vice Chair Hussey, and Members of the Committee,

The Hawaii Cattlemen's Council **supports HB572** which exempts food and groceries from the general excise tax and expands a 2024 session law exempting certain medical and dental services to include all medical and dental services.

Hawaii's cost of living expenses cause stress across sectors and target families directly. Exempting food and groceries from the general excise tax will ease the burden on family budgets. Hawaii is currently only one of 13 states that still tax groceries. Exempting food from taxes can help encourage purchases of local food, which will in turn support farmers and ranchers.

We appreciate the opportunity to testify on this measure. The Hawaii Cattlemen's Council (HCC) is the Statewide umbrella organization comprised of the four county-level Cattlemen's Associations. Our member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of over 750 thousand acres of land in Hawaii, or 20% of the State's total land mass. We represent the interests of Hawaii's cattle producers.

Nicole Galase
Hawaii Cattlemen's Council
Managing Director





**Testimony to the House Committee on Economic Development & Technology (ECD)
Representative Greggor Ilagan, Chair
Representative Ikaika Hussey, Vice Chair**

**Wednesday, February 5, 2025, at 10:00AM
Conference Room 423 & Videoconference**

RE: HB572 Relating to General Excise Tax

Aloha e Chair Ilagan, Vice Chair Hussey, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber supports House Bill 572 (HB572), which establishes a public policy framework that addresses state goals related to economic diversification and appropriates funds to the Hawaii Technology and Development Corporation to implement specific programs that address these goals.

HB572 aligns with our 2030 Blueprint for Hawaii: An Economic Action Plan, specifically under the policy pillar for Business Services. This bill promotes policies that drive economic growth, enhance workforce opportunities, and improve the quality of life for Hawaii's residents.

Hawaii's general excise tax (GET) raises prices on essentials, making the state's cost of living among the highest in the nation. Grocery prices are 50% above the national average, with Honolulu households spending more on food than most Americans. Thirty-nine states and D.C. already exempt groceries from sales tax, and this bill proposes Hawaii do the same, saving a family of four over \$687 annually. It also expands Act 47 (2024) by exempting all medical and dental services from the GET, reducing costs for providers and encouraging more physicians to practice in the state.

With a \$1 billion surplus, Hawaii can afford these exemptions without cutting essential services. The bill amends Chapter 237 to remove the GET on food and medical care, easing financial burdens on families and improving healthcare access. It also ensures meals for seniors, the disabled, and other vulnerable groups remain tax-free. This measure makes Hawaii more affordable, and the Chamber supports it as essential economic relief.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.

We respectfully ask to pass House Bill 572. Thank you for the opportunity to testify.

HB-572

Submitted on: 1/29/2025 5:38:07 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Andrew Crossland	Individual	Support	Written Testimony Only

Comments:

I STRONGLY SUPPORT this Bill to exempt GET from food and grocery purchases, as well as medical and dental services. I urge all members of the Committee to **VOTE YES** on this Bill.

HB-572

Submitted on: 1/30/2025 1:03:02 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Don Baluran	Individual	Support	Written Testimony Only

Comments:

Please pass this long overdue bill. The residents of Hawaii need any type of relief from the high cost of living. Mahalo!

HB-572

Submitted on: 1/30/2025 5:32:57 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Chanara Casey Richmond	Individual	Support	Written Testimony Only

Comments:

My name is Chanara Richmond. I live in D42. I support this bill. thank you.

HB-572

Submitted on: 1/30/2025 9:10:38 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
R. L. Souza	Individual	Support	Written Testimony Only

Comments:

In STRONG SUPPORT.

This legislation is long overdue!

HB-572

Submitted on: 1/30/2025 10:50:55 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Mary Smart	Individual	Support	Written Testimony Only

Comments:

Finally, a bill in the Legislature that actually helps Hawaii residents.

I most strongly support HB572 and encourage you to pass it as quickly as possible.

HB-572

Submitted on: 1/31/2025 9:35:53 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
lynne matusow	Individual	Support	Written Testimony Only

Comments:

I am in full support. Taxing food and groceries and medical and dental services is very regressive and needs to be stopped. This should have been law many years ago.

Please move this bill forward.

HB-572

Submitted on: 2/3/2025 1:44:18 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Judi Chang	Individual	Support	Written Testimony Only

Comments:

I support this bill

HB-572

Submitted on: 2/3/2025 3:05:37 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Cindy R Ajimine	Individual	Support	Written Testimony Only

Comments:

I SUPPORT HB295. Reasons:

- **Cost of living is so high in Hawaii and why many residents are documented to be leaving.**
- **Essentials such as food and groceries should be exempt from the general excise tax.**
- **Expands the 2024 session law to include exemptions for ALL medical and dental services.**

Please move this bill forward to help Hawaii's young adults, kupuna, and children!

HB-572

Submitted on: 2/3/2025 3:26:36 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Lora Burbage	Individual	Support	Written Testimony Only

Comments:

Aloha!

PLEASE SUPPORT HB 295!! I am very grateful to see a bill that can really make a difference for the average citizen, like me! Food and medicine is essential and should not be taxed. Other types of goods are not as critical and choices can be made regarding wants verses needs.

Mahalo nui loa!!

Lora

HB-572

Submitted on: 2/3/2025 3:59:49 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Samuel Jones Jr	Individual	Support	Written Testimony Only

Comments:

I SUPPORT HB295. Reasons:

- Cost of living is so high in Hawaii and why many residents are documented to be leaving.
- Essentials such as food and groceries should be exempt from the general excise tax.
- Expands the 2024 session law to include exemptions for ALL medical and dental services.

S Jones

HB-572

Submitted on: 2/3/2025 4:06:19 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Cynthia Jones	Individual	Support	Written Testimony Only

Comments:

I SUPPORT HB572. Reasons:

- Cost of living is so high in Hawai'i and why many residents are documented to be leaving.
- Essentials such as food and groceries should be exempt from the general excise tax.
- Expands the 2024 session law to include exemptions for ALL medical and dental services.

HB-572

Submitted on: 2/3/2025 5:39:21 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Patti Yasuhara	Individual	Support	Written Testimony Only

Comments:

Please support HB572

Mahalo, Patti Yasuhara

Honolulu, HI District 18

HB-572

Submitted on: 2/3/2025 9:18:45 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Laurie M. Lawson	Individual	Support	Written Testimony Only

Comments:

Great bill, finally a good one!! It will exempt food and groceries from the general excise tax. This should be a no brainer. California has done this for years--let's help our families in Hawaii who are struggling.

HB-572

Submitted on: 2/3/2025 10:41:34 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Barilyne Sakamoto	Individual	Support	Written Testimony Only

Comments:

Dear Sir or Madam,

I'm in support of bill HB572 for the following reasons:

- Cost of living is so high in Hawaii and why many residents are documented to be leaving.
- Essentials such as food and groceries should be exempt from the general excise tax.
- Expands the 2024 session law to include exemptions for ALL medical and dental services.

Please support to pass this bill since it will help the people living in Hawaii to financially make it iliving in this expensive state and will enable us to better afford going out occasionally, go on trips, and to save money for the future.

Warmest aloha,

Barilyne Sakamoto - citizen of the USA and resident of the island of Oahu

HB-572

Submitted on: 2/4/2025 9:18:30 AM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Patty Takahashi	Individual	Oppose	Written Testimony Only

Comments:

I am in support. Why is the retailer paying taxes and the consumer. That's double dipping. Where is this double dipping going?

And the retailer, farmers should get a break to so they don't increase price to pass their GET to consumers.

HB 572

Aloha, Chairs, Vice Chairs and All members of the ECD and FIN Committees.

I support HB 572 to exempt food and groceries from General Excise Tax. This will greatly help all island residents to cope with inflation and the high costs of goods and services.

I also support the portion of this measure that proposes to expand the exemption of certain medical and dental services from GET to ALL medical and dental services. This will allow us to attract and maintain much needed medical and dental personnel.

I urge you to vote YES on this measure. Thank you for your consideration.

Joy Dillon, Hilo Resident

HB-572

Submitted on: 2/4/2025 2:16:11 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Michael alapai	Individual	Support	Written Testimony Only

Comments:

I totally agree and thanks to whoever introduced this bill. Everything is so high we need relief as much as we can get. Thanks

HB-572

Submitted on: 2/4/2025 2:36:01 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Cameo Fong	Individual	Support	Written Testimony Only

Comments:

I support removing the GET from food, groceries, and medical expenses.

Mahalo,

Cameo Fong

HB-572

Submitted on: 2/4/2025 3:17:48 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Terri Yoshinaga	Individual	Support	Written Testimony Only

Comments:

I support this bill and pray you will too!

HB-572

Submitted on: 2/4/2025 4:35:31 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
L Toriki	Individual	Support	Written Testimony Only

Comments:

I fully support this bill as I believe that essential items such as food and drug purchases as well as doctor and dental services should be exempt from the GE tax.

HB-572

Submitted on: 2/4/2025 5:35:09 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kehaunani Andrade	Individual	Support	Written Testimony Only

Comments:

I am in full support of HB572.

HB-572

Submitted on: 2/4/2025 6:09:06 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
William R Smith	Individual	Support	Written Testimony Only

Comments:

I am in support of HB572.

HB-572

Submitted on: 2/4/2025 6:29:16 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Lesha Mathes	Individual	Support	Written Testimony Only

Comments:

This is a wonderful bill that will help people with their groceries.

HB-572

Submitted on: 2/4/2025 7:10:41 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Marilyn Moniz	Individual	Support	Written Testimony Only

Comments:

Essential to helping workers with relief from high cost of living.

HB-572

Submitted on: 2/4/2025 7:39:24 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Angelica Melone	Individual	Support	Written Testimony Only

Comments:

Chair Ilagan, Vice Chair Hussey, and Esteemed Committee Members,

I am writing to express my strong support for HB572, which proposes exempting food and groceries from the general excise tax and expanding the 2024 session law to include all medical and dental services.

As someone who has experienced the rising cost of living in Hawaii firsthand, I know how stressful it can be for families to make ends meet. Exempting food and groceries from the general excise tax would provide much-needed relief to household budgets, making it easier for families to access essential items. Currently, Hawaii is one of only 13 states that still taxes groceries, and this change would be a welcome step in reducing the financial strain many of us face.

Additionally, exempting food from the tax could encourage more support for local farmers and ranchers. By lowering the cost of local food, we can help strengthen our local economy and create a more sustainable future for Hawaii's agriculture industry.

I strongly urge you to support HB572 and its potential to bring significant relief to families and communities across Hawaii.

Mahalo for the opportunity to testify on this matter.

HB-572

Submitted on: 2/4/2025 7:45:28 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kamuela Akeo	Individual	Support	Written Testimony Only

Comments:

Aloha,

I support this bill. These taxes are immoral. Everything that can be done to help those living in Hawaii must be done. Moreover, it is not about dollars but the government operating in good faith. The faith has been lost, but it is never too late to be earned. Relinquish your burden on the residents of Hawaii. Their medical and food needs should not involve the state.

Kamuela Akeo

HB-572

Submitted on: 2/4/2025 10:01:47 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Cheryl Rzonca	Individual	Support	Written Testimony Only

Comments:

I support HB572. This is a start and more needs to be done .

HB-572

Submitted on: 2/5/2025 7:30:42 AM

Testimony for ECD on 2/5/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Dr Marion Ceruti	Individual	Support	Written Testimony Only

Comments:

I support HB572 because it would lower the cost of living in Hawai'i. So many other states exempt food and medical care from state sales tax. Hawai'i should too. Please vote YES on HB572. It's about time!