A BILL FOR AN ACT

RELATING TO A STATE TAX HOLIDAY.

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

Tax holiday. (a) Notwithstanding any law to 1 SECTION 1. the contrary, the tax imposed under chapter 237, Hawaii Revised 2 Statutes, shall not be assessed or due on the sale of any food 3 or drugs sold on the state tax holiday; provided that the tax 4 holiday: 5 Is held on the first Saturday or Sunday in December 6 (1)2006, as determined by the director of taxation; 7 Shall not extend for more than one day; 8 (2) Is advertised to provide reasonable notice to the 9 (3) general public; and 10 Applies only to purchases of food and over-the-counter 11 (4)drugs. The term "over-the-counter" drugs means any 12 13 drugs that are not "prescription drugs" as that term is defined under section 237-24.3(7). The term "food" 14 is defined as any article or product purchased for 15 human consumption and does not include alcoholic 16 beverages subject to chapter 244D or meals purchased 17

- in a restaurant or other establishment where meals are
 prepared for human consumption.
- 3 (b) The exemption shall apply to retail sales only and not
- 4 to sales on items that will be resold in any form or manner.
- 5 (c) The retailer of any food or drugs shall not be
- 6 required to obtain any special license, permit, or other
- 7 documentation on sales of eligible items during the tax holiday;
- 8 provided that the retailer's records shall clearly identify the
- 9 type of item sold and the sales price of the item.
- 10 (d) The director of taxation may adopt rules pursuant to
- 11 chapter 91 to effectuate this Act.
- 12 SECTION 2. The director of taxation shall report to the
- 13 regular session of 2007, before its adjournment, on the costs of
- 14 the tax holiday under this Act.
- 15 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY:

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HB 2254

Report Title:

Tax Holiday; General Excise Tax; Food; Drugs

Description:

Provides for a state tax holiday from paying the general excise tax on food and drugs on the first weekend in December 2006. Also provides a state income tax deduction for the cost of the food and drugs purchased on the tax holiday.