

JAN 18 2007

A BILL FOR AN ACT

RELATING TO A GENERAL EXCISE TAX HOLIDAY.

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

1 SECTION 1. The Legislature recognizes that Hawaii taxpayers
2 are some of the most overburdened taxpayers in the nation. The
3 Legislature further recognizes that the state levies a general
4 excise tax on businesses, rather than a state sales tax on
5 consumers. Currently Florida, Iowa, Texas, South Carolina,
6 Pennsylvania, Maryland, Connecticut, and the District of
7 Columbia have temporary state sales tax holidays. These state
8 sales tax holidays have been extremely successful in increasing
9 sales and driving new purchases that wouldn't otherwise be made.
10 The purpose of this Act is to create an incentive to stimulate
11 consumer spending within our economy by authorizing a state
12 general excise tax holiday for goods and services sold in the
13 state on the condition that businesses pass the savings on to
14 consumers. While the Legislature recognizes that a state
15 general excise tax holiday creates the illusion of a shortfall
16 in general fund revenues, we emphasize that government is in the
17 process of being trimmed and streamlined because of the hard



1 work and dedication of this Administration to maintain fiscal
2 responsibility. Therefore, a general excise tax holiday,
3 coupled with reductions in government spending, would allow for
4 the citizens of this state to retain more of their money to
5 spend in more beneficial ways than the government.
6 Additionally, the Legislature recognizes the timing is
7 appropriate to return money that would otherwise be spent on a
8 bloated, centralized government, to the people of Hawaii. A tax
9 holiday would have the effect of stimulating retail sales and
10 giving a further boost to our recovering economy. A general
11 excise tax holiday in Hawaii would help both consumers and
12 retailers alike.

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

16 "§237- Annual tax holiday. (a) Notwithstanding any law
17 to the contrary, taxes under this chapter shall not be due on
18 the sale of retail goods and services, if the sale takes place
19 during the following periods:

20 (1) Beginning at 12:01 a.m. on the first Friday in June
21 2007 and ending at 12 midnight of the Sunday immediately
22 following;



1 (2) Beginning at 12:01 a.m. on the first Friday in
2 September 2007 and ending at 12 midnight of the Sunday
3 immediately following;

4 (3) Beginning at 12:01 a.m. on the first Friday in December
5 2007 and ending at 12 midnight of the Sunday immediately
6 following;

7 (4) Beginning at 12:01 a.m. on the first Friday in March
8 2008 and ending at 12 midnight of the Sunday immediately
9 following;

10 provided that all savings generated by this section shall be
11 passed on by the seller to the purchaser without any increase in
12 price. This exemption shall apply to the sale of retail goods
13 and services only and not to sales on items that will be resold
14 in any manner.

15 (b) The exemption provided in this section shall not apply
16 to:

17 (1) Rebates, layaway sales, rain checks, or exchanges
18 when the transactions occur before or after the tax holiday
19 period; and

20 (2) Mail, telephone, e-mail, or internet orders with
21 businesses operating outside the state of Hawaii.



1 (c) Articles that are normally sold as a unit shall
2 continue to be sold in that manner and shall not be priced
3 separately and sold as individual items to obtain the exemption.

4 (d) Shipping and handling charges shall be included as part
5 of the sales price of the item.

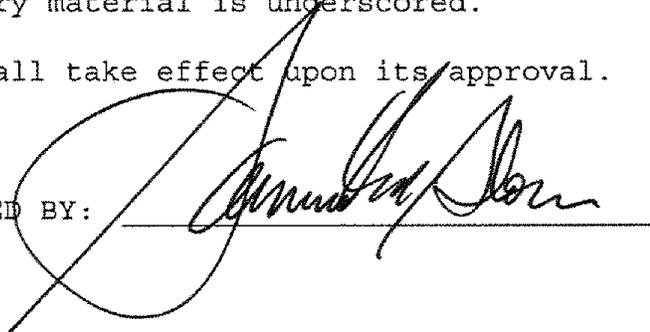
6 (e) The retailer shall not be required to obtain any
7 special license, permit, or other documentation of sales during
8 the exemption holiday period; provided that the retailer's
9 records shall clearly identify the type of item sold, the date
10 the item was sold, and the sales price of the item."

11 SECTION 3. New statutory material is underscored.

12 SECTION 4. This Act shall take effect upon its approval.

13

INTRODUCED BY: _____



Report Title:

General excise taxes; holiday

Description:

Establishes a general excise tax holiday for consumers and businesses for retail goods and services sold on condition that businesses pass the savings on to consumers.

