

JAN 21 2010

S.B. NO. **2238**

A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAXES ON SWEETENED BEVERAGES.

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

1 SECTION 1. Adult Americans have often struggled with
2 weight gain, unhealthy eating and drinking, and at curbing their
3 desire to consume sweetened beverages for many decades.
4 Consequently, according to an article in Forbes Magazine, that
5 has led to the United States being the ninth most obese country
6 in the world for adults aged fifteen years and older.

7 According to statistics from the sixth annual *F as in Fat:*
8 *How Obesity Policies are Failing in America, 2009* Report, the
9 rate of adult obesity, which is typically defined as a person
10 having a body mass index score of thirty or more, in the United
11 States has surpassed twenty-five per cent in thirty-one states
12 and exceeded twenty per cent in forty-nine states. This
13 compares to no states having an adult obesity rate above twenty
14 per cent as recently as 1991.

15 In examining the change in drinking habits that have
16 occurred in the United States since 1991, there has been an
17 explosion of sweetened beverages onto the market that are
18 available for American consumers. Sweetened beverages include



1 harmful or unhealthy additives or ingredients that include, but
2 are not limited to, processed sugar, high fructose corn syrup,
3 dextrose, aspartame, sucralose, molasses, or honey. These
4 sweetened beverages include almost all colas, sports drinks,
5 such as Gatorade and Powerade, and energy drinks, such as Red
6 Bull and Monster, which have become a staple in the liquid
7 consumption of American adults and children of very young ages.

8 The purpose of this Act is to attempt to deter the purchase
9 of sweetened beverages through tax reform. Specifically, to
10 adopt tax reform that would require an additional imposition of
11 general excise tax on purchases of sweetened beverages.

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

15 "§237- Additional imposition of tax. (a) Upon every
16 person engaging or continuing within the State in the business
17 of selling sweetened beverages, there is hereby levied and shall
18 be assessed and collected the following privilege taxes:

19 (1) A rate equal to per cent of the gross proceeds
20 on the sale of sweetened beverages that are less than
21 or equal to gallon; and



1 (2) A rate equal to per cent of the gross proceeds
2 on the sale of sweetened beverages that are more than
3 gallon;

4 provided that the rate of privilege taxes levied, assessed, and
5 collected under this section are in addition to the privilege
6 taxes levied, assessed, and collected under section 237-13 and
7 the county surcharge on state tax that is levied, assessed, and
8 collected under section 237-8.6.

9 (b) For purposes of this section:

10 "Energy drinks" means a beverage designed to increase a
11 user's mental alertness and physical performance by the addition
12 of caffeine, vitamins, and herbal supplements that interact in a
13 manner that stimulates the user's energy level.

14 "Sports drinks" means a beverage designed to enhance
15 rehydration, as well as restore electrolytes, carbohydrates, and
16 other nutrients which are depleted after training or
17 competition.

18 "Sweetened beverages" means any nonalcoholic beverage
19 containing processed sugar, high fructose corn syrup, dextrose,
20 aspartame, sucralose, molasses, or honey that is sold for human
21 consumption. "Sweetened beverages" includes, but is not limited
22 to, soda, juices containing less than one hundred per cent fruit



1 juice, sports drinks, energy drinks, and flavored teas.
2 "Sweetened beverages" does not include water, milk, coffee, and
3 drinks that are labeled as one hundred per cent fruit juice.

4 (c) All revenues collected pursuant to this section shall
5 be remitted to the department of education and deposited to the
6 credit of programs that fund K-12 education."

7 SECTION 3. New statutory material is underscored.

8 SECTION 4. This Act shall take effect on January 1, 2011.

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INTRODUCED BY: Ray L. Ham BR



Report Title:

General Excise Tax; Sweetened Beverages

Description:

Levies, assesses, and collects an additional imposition of general excise tax on sweetened beverages that is in addition to the existing 4% rate and the county surcharge of .5%. Requires the additional revenues to be remitted to the department of education and deposited to the credit of programs that fund K-12 education.

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