
A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAX EXEMPTIONS.

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

1 SECTION 1. The purpose of this Act is to help reduce the
2 impact of the general excise tax and thereby reduce the cost-of-
3 living for Hawaii residents by exempting amounts received for
4 food.

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

8 §237- Amounts not taxable for food. (a) The excise tax
9 assessed under this chapter shall not apply to amounts received
10 for food or food ingredients.

11 (b) The excise tax assessed under this chapter shall apply
12 to food or food ingredients that are furnished, prepared, or
13 served as meals, except:

14 (1) In the case of persons sixty years of age or over, or
15 who receive supplemental security income benefits, or
16 disability or blindness payments under title I, II, X,
17 XIV, or XVI of the Social Security Act (42 U.S.C. 301
18 et seq., 401 et seq., 1201 et seq., 1351 et seq., 1381



1 et seq.) and their spouses, meals prepared by and
2 served in senior citizens' centers, apartment
3 buildings occupied primarily by such persons, public
4 or private nonprofit establishments, eating or
5 otherwise, that feed such persons, private
6 establishments that contract with the appropriate
7 agency of the State to offer meals for such persons at
8 concessional prices, and meals prepared for and served
9 to residents of federally subsidized housing for the
10 elderly;

11 (2) In the case of persons sixty years of age or over and
12 persons who are physically or mentally handicapped or
13 otherwise so disabled that they are unable to
14 adequately prepare all of their meals, meals prepared
15 for and delivered to them and their spouses at their
16 home by a public or private nonprofit organization or
17 by a private establishment that contracts with the
18 appropriate state agency to perform such services at
19 concessional prices;

20 (3) In the case of disabled or blind recipients of
21 benefits under title I, II, X, XIV, or XVI of the
22 Social Security Act (42 U.S.C. 301 et seq., 401 et



1 seq., 1201 et seq., 1351 et seq., 1381 et seq.), who
2 are residents in a public or private nonprofit group
3 living arrangement that serves no more than sixteen
4 residents and is certified by the appropriate state
5 agency or agencies, meals prepared and served under
6 such arrangement;

7 (4) In the case of women and children temporarily residing
8 in public or private nonprofit shelters for battered
9 women and children, meals prepared and served by such
10 shelters; and

11 (5) In the case of households that do not reside in
12 permanent dwellings and households that have no fixed
13 mailing addresses, meals prepared for and served by a
14 public or private nonprofit establishment approved by
15 an appropriate state or local agency that feeds such
16 individuals and by private establishments that
17 contract with the appropriate agency of the State to
18 offer meals for such individuals at concessional
19 prices.

20 (c) As used in this section:



1 "Alcoholic beverages" means beverages that are suitable for
2 human consumption and contain one-half of one per cent or more
3 of alcohol by volume.

4 "Dietary supplement" means any product, other than tobacco,
5 intended to supplement the diet that:

6 (1) Contains one or more of the following dietary
7 ingredients:

8 (A) A vitamin;

9 (B) A mineral;

10 (C) An herb or other botanical element;

11 (D) An amino acid; or

12 (E) A dietary substance for use by humans to
13 supplement a person's diet by increasing the
14 total dietary intake; or a concentrate,
15 metabolite, constituent, extract, or combination
16 of any ingredient described in this definition;

17 (2) Is intended for ingestion in tablet, capsule, powder,
18 softgel, gelcap, or liquid form, or if not intended
19 for ingestion in such form, is not represented as
20 conventional food and is not represented for use as a
21 sole item of a meal or of a diet; and



1 (3) Is required to be labeled as a dietary supplement,
2 identifiable by the "supplement facts" box found on
3 the label as required pursuant to title 21 Code of
4 Federal Regulations section 101.36, as amended or
5 renumbered.

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

16 "Prepared food" means:

17 (1) Food sold in a heated state or heated by the seller;
18 (2) Food sold with eating utensils provided by the seller,
19 including plates, knives, forks, spoons, glasses,
20 cups, napkins, or straws. A plate does not include a
21 container or packaging used to transport the food; or



- 1 (3) Two or more food ingredients mixed or combined by the
2 seller for sale as a single item, except:
- 3 (A) Food that is only cut, repackaged, or pasteurized
4 by the seller; or
- 5 (B) Raw eggs, fish, meat, poultry, or foods
6 containing these raw animal foods requiring
7 cooking by the consumer as recommended by the
8 federal Food and Drug Administration in chapter
9 3, part 401.11 of the Food Code, published by the
10 Food and Drug Administration, as amended or
11 renumbered, to prevent foodborne illness.

12 Prepared food does not include the following food or food
13 ingredients:

- 14 (1) Food sold in an unheated state by weight or volume as
15 a single item; or
- 16 (2) Bakery items, such as bread, rolls, buns, biscuits,
17 bagels, croissants, pastries, donuts, Danish, cakes,
18 tortes, pies, tarts, muffins, bars, cookies, or
19 tortillas.

20 "Soft drinks" means nonalcoholic beverages that contain
21 natural or artificial sweeteners. Soft drinks do not include
22 beverages that contain:



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- 1 (1) Milk or milk products;
- 2 (2) Soy, rice, or similar milk substitutes; or
- 3 (3) Greater than fifty per cent vegetable or fruit juice
- 4 by volume.

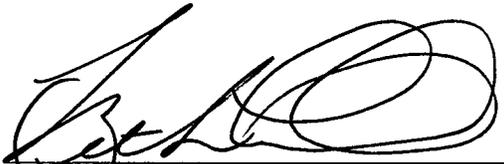
5 "Tobacco" means cigarettes, cigars, chewing or pipe
 6 tobacco, or any other item that contains tobacco."

7 SECTION 3. New statutory material is underscored.

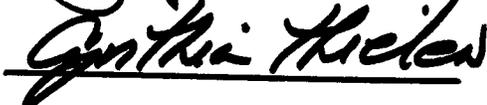
8 SECTION 4. This Act shall take effect upon its approval
 9 and shall apply to taxable years beginning after December 31,
 10 2017.

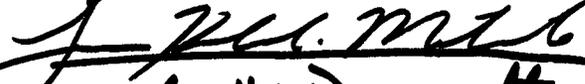
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INTRODUCED BY:











JAN 20 2017



H.B. NO. 360

Report Title:

General Excise Tax; Food Exemption

Description:

Provides an exemption for food from the general excise tax.

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