

JAN 19 2018

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# 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 legislature finds that the cost of living  
2 in Hawaii is extremely high and too many residents are  
3 struggling to pay for housing, food, and medication. Much  
4 attention is currently being given to building more affordable  
5 housing, which is needed, but will take a significant amount of  
6 time to provide relief to residents.

7           The legislature further finds that one way Hawaii can  
8 provide immediate relief from the high cost of living is to  
9 exempt groceries that are eligible under the Supplemental  
10 Nutrition Assistance Program (SNAP) of the United States  
11 Department of Agriculture. This exemption would provide the  
12 greatest relief to lower-income residents, who tend not to eat  
13 out, while maintaining tax revenues from our visitor population  
14 who do tend to eat out. In addition, limiting the exemption to  
15 food eligible under SNAP encourages people to eat healthy foods,  
16 which may result in improved public health. Lastly, this  
17 exemption can be implemented at little to no cost, as every



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1 grocery store and convenience store has already coded foods that  
2 are eligible under SNAP.

3 The legislature additionally finds that exempting  
4 prescription medications from the general excise tax will  
5 provide immediate relief to our kupuna on fixed incomes and ill  
6 residents who may be forced to take leave from work and are  
7 living on a reduced income.

8 The purpose of this Act is to establish a general excise  
9 tax exemption on the gross proceeds or income from the sale of  
10 groceries that are eligible under SNAP and prescription drugs.

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

14 "§237- Supplemental Nutrition Assistance Program  
15 eligible groceries exemption. (a) There shall be exempted  
16 from, and excluded from the measure of, the taxes imposed by  
17 this chapter all of the gross proceeds or income arising from  
18 the sale of Supplemental Nutrition Assistance Program eligible  
19 groceries within the State.

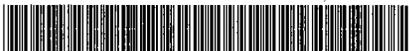
20 (b) For purposes of this section, the following terms  
21 shall have the following meanings:

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 supplements" means nutritional food supplements  
5 that are intended to provide nutrients that are missing from a  
6 person's diet or nutrients that are not consumed in sufficient  
7 quantity, such as vitamins, minerals, fiber, fatty acids, or  
8 amino acids.

9       "Food" or "food product" means substances, whether in  
10 liquid, concentrated, solid, frozen, dried, or dehydrated form,  
11 that are sold for ingestion or chewing by humans and are  
12 consumed for their taste or nutritional value. "Food" or "food  
13 product" does not include alcoholic beverages, tobacco, prepared  
14 food, soft drinks, or dietary supplements.

15       "Groceries" means any food or food product for home  
16 consumption. The term "groceries" may be further defined by the  
17 department by rule through the enumeration of items in rules or  
18 tax informational releases; provided that the department shall  
19 consult with the federal Food and Nutrition Service of the  
20 United States Department of Agriculture in further defining the



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1 term "groceries" for purposes of the Supplemental Nutrition  
2 Assistance Program.

3 "Soft drinks" means non-alcoholic beverages that contain  
4 natural or artificial sweeteners. "Soft drinks" does not  
5 include beverages that contain:

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

10 §237- Prescription drug exemption. There shall be  
11 exempted from, and excluded from the measure of, the taxes  
12 imposed by this chapter all of the gross proceeds or income  
13 arising from the sale of prescription drugs, as defined in  
14 section 328-1."

15 SECTION 3. New statutory material is underscored.

16 SECTION 4. This Act shall take effect on July 1, 2018.

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**Report Title:**

General Excise Tax; Supplemental Nutrition Assistance Program;  
Groceries; Prescription Drugs; Exemption

**Description:**

Establishes a general excise tax exemption for the gross proceeds or income from the sale of groceries that are eligible under the Supplemental Nutrition Assistance Program and prescription drugs.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

