

JAN 24 2018

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



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 (1) Groceries that are eligible for purchase under SNAP,
11 regardless of the means of purchase and the SNAP
12 eligibility of the purchaser; and

13 (2) Prescription drugs.

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

17 "§237- Supplemental Nutrition Assistance Program
18 eligible groceries exemption. (a) There shall be exempted
19 from, and excluded from the measure of, the taxes imposed by
20 this chapter all of the gross proceeds or income received from
21 the sale of all groceries eligible for purchase under the



1 Supplemental Nutrition Assistance Program within the State,
2 regardless of the means of purchase and the eligibility of the
3 purchaser for Supplemental Nutrition Assistance Program
4 benefits.

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

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

10 "Dietary supplements" means nutritional food supplements
11 that are intended to provide nutrients that are missing from a
12 person's diet or nutrients that are not consumed in sufficient
13 quantity, such as vitamins, minerals, fiber, fatty acids, or
14 amino acids.

15 "Food" or "food product" means substances, whether in
16 liquid, concentrated, solid, frozen, dried, or dehydrated form,
17 that are sold for ingestion or chewing by humans and are
18 consumed for their taste or nutritional value. "Food" or "food
19 product" does not include alcoholic beverages, tobacco, prepared
20 food, soft drinks, or dietary supplements.



1 "Groceries" means any food or food product for home
2 consumption. The term "groceries" may be further defined by the
3 department by rule through the enumeration of items in rules or
4 tax informational releases; provided that the department shall
5 consult with the federal Food and Nutrition Service of the
6 United States Department of Agriculture in further defining the
7 term "groceries" for purposes of the Supplemental Nutrition
8 Assistance Program.

9 "Soft drinks" means non-alcoholic beverages that contain
10 natural or artificial sweeteners. "Soft drinks" does not
11 include beverages that contain:

12 (1) Milk or milk products;

13 (2) Soy, rice, or similar milk substitutes; or

14 (3) Greater than fifty per cent vegetable or fruit juice
15 by volume.

16 §237- Prescription drug exemption. There shall be
17 exempted from, and excluded from the measure of, the taxes
18 imposed by this chapter all of the gross proceeds or income
19 arising from the sale of prescription drugs, as defined in
20 section 328-1."

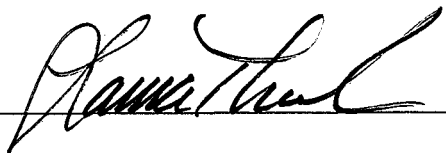
21 SECTION 3. New statutory material is underscored.



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

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INTRODUCED BY:

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S.B. NO. 3051

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, regardless of the means of purchase and the SNAP eligibility of the purchaser, and prescription drugs.

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