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# A BILL FOR AN ACT

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RELATING TO GENERAL EXCISE TAX EXEMPTIONS.

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

1       SECTION 1. The legislature finds that Hawaii has the  
2 highest cost of living in the nation. The general excise tax is  
3 levied on nearly all economic activity, which creates a highly  
4 regressive tax system by disproportionately affecting low-income  
5 and middle-class families as a percentage of total  
6 income. Although businesses are required to pay general excise  
7 taxes out of their gross receipts, those taxes are passed on to  
8 customers in the form of higher prices.

9       Food is a major expense for Hawaii families. In 2014, the  
10 average spent on food annually for a two-person household was  
11 \$9,978 in Maui county, \$9,901 in Kauai county, \$9,467 in  
12 Honolulu county, and \$7,676 in Hawaii county. An average two-  
13 person household would save over \$400 each year if food were  
14 exempt from the general excise tax, which is significantly more  
15 than the existing food income tax credit for low-income  
16 families. Larger households would have an even greater savings.

17       Thirty-two states plus the District of Columbia exempt  
18 groceries from their sales taxes, and another six states tax



1 groceries at lower rates than other goods. The legislature  
2 finds that it is time for Hawaii to join this majority.

3 Health care is another major expense for local  
4 families. Hawaii is one of only a handful of states that taxes  
5 medical and dental services. Each physician supports an average  
6 of \$2.2 million in annual economic output and 13.84  
7 jobs. Hawaii's tax policy burdens the ability of medical  
8 professionals to support the local community and makes their  
9 services more expensive for residents. Forty-one states  
10 generally exclude medical services from their sales taxes.

11 Finally, feminine hygiene products are another necessity  
12 subject to the general excise tax. Feminine hygiene products  
13 are an essential purchase that cost women an average of \$300 a  
14 year. Several states that impose statewide sales or excise  
15 taxes similar to Hawaii exempt feminine hygiene products from  
16 taxation. Hawaii should follow these states by exempting  
17 feminine hygiene products from the general excise tax.

18 Because the general excise tax affects almost all areas of  
19 economic activity, it can make it difficult for average families  
20 to afford basic life expenses like food and medical care. The  
21 purpose of this Act is to help alleviate the general excise tax  
22 burden on local households by exempting food, medical services,  
23 and feminine hygiene products.



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

4       §237- Amounts not taxable for food.

5       (a) The excise tax assessed under this chapter shall not  
6 apply to amounts received for food or food ingredients.

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

10       (1) In the case of persons sixty years of age or  
11 over, or who receive supplemental security income  
12 benefits, or disability or blindness payments under  
13 Title I, II, X, XIV, or XVI or the Social Security Act  
14 (42 U.S.C. 301 et seq., 401 et seq., 1201 et seq.,  
15 1351 et seq., 1381 et seq.) and their spouses, meals  
16 prepared by and served in senior citizen's centers,  
17 apartment buildings occupied primarily by such  
18 persons, public or private nonprofit establishments,  
19 eating or otherwise, that feed such persons, private  
20 establishments that contract with the appropriate  
21 agency of the State to offer meals for such persons at  
22 concessional prices, and meals prepared for and served



1 to residents of federally subsidized housing for the  
2 elderly;

3 (2) In the case of persons sixty years of age or over  
4 and persons who are physically or mentally handicapped  
5 or otherwise disabled that they are unable to  
6 adequately prepare all of their meals, meals prepared  
7 for and delivered to them and their spouses at their  
8 home by a public or private nonprofit organization or  
9 by a private establishment that contracts with the  
10 appropriate state agency to perform such services at  
11 concessional prices;

12 (3) In the case of disabled or blind recipients of  
13 benefits under Title I, II, X, XIV, or XVI or the  
14 Social Security Act (42 U.S.C. 301 et seq., 401 et  
15 seq., 1201 et seq., 1351 et seq., 1381 et seq.), who  
16 are residents in a public or private nonprofit group  
17 living arrangement that serves no more than sixteen  
18 residents and is certified by the appropriate state  
19 agency or agencies, meals prepared and served under  
20 such arrangement;

21 (4) In the case of women and children temporarily  
22 residing in public or private nonprofit shelters for



1 battered women and children, meals prepared and served  
2 by such shelters; and

3 (5) In the case of households that do not reside in  
4 permanent dwellings and households that have no fixed  
5 mailing addresses, meals prepared for and served by a  
6 public or private nonprofit establishment approved by  
7 an appropriate state or local agency that feeds such  
8 individuals by private establishments that contract  
9 with the appropriate agency of the State to offer  
10 meals for such individuals at concessional prices.

11 (c) As used in this section:

12 "Alcoholic beverages" means beverages that are suitable for  
13 human consumption and contain one-half of one percent or more of  
14 alcohol by volume.

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

17 (1) Contains one or more of the following dietary  
18 ingredients:

19 (A) A vitamin;

20 (B) A mineral;

21 (C) An herb or other botanical element;

22 (D) An amino acid;

23 (E) A dietary supplement for use by humans to



1 supplement a person's diet by increasing the  
2 total dietary intake; or a concentrate  
3 metabolite, constituent, extract, or combination  
4 of any ingredient described in this definition;

5 (2) Is intended for ingestion in tablet, capsule,  
6 powder, softgel, gelcap, or liquid form, or if not  
7 intended for ingestion in such form, is not  
8 represented as conventional food and is not  
9 represented for use as a sole item of a meal or of a  
10 diet; and

11 (3) Is required to be labeled as a dietary  
12 supplement, identifiable by the "supplemental facts"  
13 box found on the label as required pursuant to title  
14 21 Code of Federal Regulations section 101.36, as  
15 amended or renumbered.

16 "Food" or "food ingredients" mean substances, whether in liquid,  
17 concentrated, solid, frozen, dried, or dehydrated form, that are  
18 sold for their ingestion or chewing by humans and are consumed  
19 for their taste or nutritional value. Food or food ingredients  
20 does not include alcoholic beverages, tobacco, prepared food,  
21 soft drinks, dietary supplements, or food or food ingredients  
22 sold from a vending machine, whether cold or hot; provided that



food or food ingredients sold from a vending machine that is  
subsequently heated shall be subject to this chapter.

"Prepared food" means:

(1) Food sold in a heated state or heated in by the  
seller;

(2) Food sold with eating utensils provided by the seller,  
including plates, knives, forks, spoons, chopsticks,  
glasses, cups, napkins, or straws. A plate does not include  
a container or packaging used to transport the food; or

(3) Two or more food ingredients mixed or combined by the  
seller for sale as a single item, except:

(A) Food that is only cut, repackaged, or  
pasteurized by the seller; or

(B) Raw eggs, meat, poultry, or foods containing  
these raw animal foods requiring cooking by the  
consumer as recommended by the federal Food and Drug  
Administration in Chapter 3, part 401.11 of the Food  
Code, published by the Food and Drug Administration,  
as amended or renumbered, to prevent foodborne  
illness.

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



1        (1) Food sold in an unheated state by weight or volume as a  
2 single item; or

3        (2) Bakery items, such as bread, rolls, buns, biscuits,  
4 bagels, croissants, pastries, donuts, danish, cakes,  
5 tortes, pies, tarts, muffins, bars, cookies or tortillas.

6 "Soft drinks" means nonalcoholic beverages that contain natural  
7 or artificial sweeteners. Soft drinks do not include beverages  
8 that contain:

9        (1) Milk or milk products;

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

11       (3) Greater than fifty percent vegetable or fruit juice by  
12 volume.

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

15       SECTION 3. Chapter 237, Hawaii Revised Statutes, is  
16 amended by adding a new section to be appropriately designated  
17 and to read as follows:

18       "§237- Exemption for medical services. (a) There shall  
19 be exempted from, and excluded from the measure of, the taxes  
20 imposed by this chapter all of the gross proceeds arising from  
21 the sale of medical services.

22       (b) As used in this section, "medical services" means:  
23 Professional services provided by hospitals, medical clinics and





1 facilities that are licensed by the appropriate state agencies  
2 and services are rendered under chapters 436E, 442, 447, 448,  
3 448B, 451A, 451J, 451K, 452, 453, 453D, 455, 457, 457A, 457G,  
4 458, 459, 460, 461, 461J, 463E, 465, 465D, 466D, 466J, and  
5 468E."

6 SECTION 4. Chapter 237, Hawaii Revised Statutes, is  
7 amended by adding a new section to be appropriately designated  
8 and to read as follows:

9 "§237- Exemption for feminine hygiene  
10 products. (a) There shall be exempted from, and excluded from  
11 the measure of, the taxes imposed by this chapter all of the  
12 gross proceeds arising from the sale of feminine hygiene  
13 products.

14 (b) As used in this section, "feminine hygiene product"  
15 means: a sanitary napkin, sanitary towel, tampon, panty liner,  
16 douche, feminine hygiene syringes, menstrual cup, sanitary pad,  
17 or vaginal creams, foams, ointments, jellies, powders, and  
18 sprays used for hygiene purposes."

19 SECTION 5. In codifying the new sections added by sections  
20 2, 3, and 4 of this Act, the revisor of statutes shall substitute  
21 appropriate section numbers for the letters used in designating  
22 the new sections in this Act.

23 SECTION 6. New statutory material is underscored.



H.B. NO. 1919

1       SECTION 7. This act shall take effect upon its approval  
2 and shall apply to taxable years beginning after December 31,  
3 2022.

INTRODUCED BY:

Yes Ok

**JAN 21 2022**



# H.B. NO. 1919

**Report Title:**

General Excise Tax; Food, Medical Services, and Feminine Hygiene  
Product Tax Exemption

**Description:**

Exempts certain foods, medical services, and feminine hygiene  
products from the general excise tax.

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not legislation or evidence of legislative intent.*

