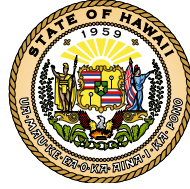


JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
Ka 'Oihana 'Auhau
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:
S.B. No. 1118, Relating to General Excise Tax

BEFORE THE:
Senate Committee on Health and Human Services

DATE: Friday, February 3, 2023
TIME: 1:00 p.m.
LOCATION: State Capitol, Room 225

Chair Buenaventura, Vice-Chair Aquino, and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding S.B. 1118 for your consideration.

S.B. 1118 adds two new sections under Chapter 237, Hawaii Revised Statutes (HRS). The first new section phases out the general excise tax (GET) on the sale of groceries that are eligible under the Supplemental Nutrition Assistance Program (SNAP) or Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) over a four-year period. This measure also phases out the GET on the sale of nonprescription drugs, medical supplies, and durable medical equipment over a four-year period. Both phase outs of the GET are accomplished by reducing the tax rate by one per cent each year beginning on January 1, 2024. The measure will take effect on July 1, 2023.

The Department notes that this bill will cause there to be dual rates on the annual return for fiscal-year taxpayers.

The Department further notes that it will be able to implement this bill beginning on January 1, 2024, but this will require significant resources to implement the necessary form and system changes.

Thank you for the opportunity to provide comments on this measure.



1001 Bishop Street | Suite 625 | Honolulu, HI 96813-2830
1-866-295-7282 | Fax: 808-536-2882
aarp.org/hi | aarphi@aarp.org | twitter.com/AARPHawaii
facebook.com/AARPHawaii

LATE

The State Legislature
Senate Committee on Health and Human Services
Friday, February 3, 2023
Conference Room 225, 1:00 p.m.

TO: The Honorable Joy San Buenaventura, Chair
RE: Support of Intent for S.B. 1118 Relating to General Excise Tax

Aloha Chair San Buenaventura and Members of the Committee:

My name is Keali'i Lopez and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social mission organization that advocates for individuals age 50 and older. We have a membership of nearly 38 million nationwide and nearly 140,000 in Hawaii. We advocate at the state and federal level for the issues that matter most to older adults and their families.

AARP supports S.B. 1118 which reduces and eliminates the general excise tax for the sale of groceries that are eligible under the Supplemental Nutrition Assistance Program (SNAP) or Special Supplemental Nutrition Program for Women, Infants, and Children. In 2019, there were nearly 80,000 SNAP households in Hawaii, a number exacerbated by the pandemic.

Taxation on groceries is especially onerous for older and lower-income individuals and families who may already be struggling to meet their daily needs. There were 20,539 Kupuna 50 and older who were food insecure in 2020 and our state's existing tax on food likely exacerbates this insecurity. Moreover, food insecurity is hitting some groups disproportionately. Stark racial and ethnic disparities in food insecurity have long existed among older Americans, and disparities only worsened between 2019 and 2020. A tax on groceries may require our Kupuna to choose between the purchase of food for themselves and their families and other vital necessities, such as prescription drugs or utilities.

Our Kupuna are our volunteers, our caregivers and our veterans and their contributions have been and continue to be vital. They surely deserve the ability to live with dignity in their retirement years. Eliminating the food tax so they can access nutritious food without having to sacrifice other essentials will help achieve this meaningful goal. For these reasons, AARP Hawaii supports SB 1118. We are asking for your consideration and approval regarding the reduction of general excise tax on food eligible under SNAP.

Sincerely,

Keali'i S. López, State Director



February 3, 2022

1 p.m.

VIA VIDEOCONFERENCE

Conference Room 225

To: Senate Committee on Health and Human Services

Sen. Joy San Buenaventura, Chair

Sen. Henry Aquino, Vice Chair

From: Grassroot Institute of Hawaii

Ted Kefalas, Director of Strategic Campaigns

RE: SB1118 — RELATING TO GENERAL EXCISE TAX

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer comments on [SB1118](#), which would exempt from the state general excise tax groceries eligible under the federal Supplemental Nutrition Assistance Program, nonprescription medications, medical equipment and medical supplies.

The exemption would be gradually phased in between 2024 and 2027, reducing the GET on these goods from the current 4% rate to 0%.

This is a good bill, one that would make an immediate difference when it comes to addressing Hawaii's high cost of living, which has been a major reason for the state's steady decline in population over the past six years.

As we all know, the general excise tax is regressive, hitting low and middle-income individuals and families the hardest. Exempting SNAP-eligible groceries, nonprescription medication and medical supplies would go a long way toward making Hawaii more affordable for these struggling Hawaii residents.

Exempting groceries from the GET would help families keep food on the table. Research shows that taxes on groceries contribute to less spending on meals at home¹ and higher food insecurity.²

Reducing the GET on food immediately, at the point of purchase, would ensure families keep more of their paychecks instead of waiting until tax season to receive a tax credit — the value of which inflation would have already diminished.

Exempting groceries from the excise tax would also have significant economic benefits. The Georgia state auditor recently estimated that Georgia's sales tax exemption for groceries created more than 5,000 jobs and an additional \$807 million in economic output.³

This measure also would avoid the concern that tourists might be the primary beneficiaries of changes to the GET. By narrowing the exemption to SNAP-eligible groceries, the bill would retain the excise tax on restaurants and thus a significant amount of visitor food spending.

Regarding nonprescription medications and medical equipment and supplies, a GET exemption for these products would simply be in keeping with the logic behind the existing exemption for prescription drugs and prosthetics.⁴

If this bill were enacted, nonprescription medicines such as Tylenol and Advil would suddenly cost less, making it easier for many individuals suffering from everyday health conditions to find relief and save money.

This past summer, the director of the Hawaii Department of Taxation estimated that exempting groceries from the general excise tax could give taxpayers \$268 million.⁵ It is unclear how much an exemption for nonprescription medication, medical supplies and medical equipment might save, but the total economic impact of this bill would be quite large, generating relief for consumers across the board.

I would be remiss if I didn't mention that medical services also should be exempted from the state GET. The Grassroot Institute's new report "[The case for exempting medical services from Hawaii's general excise tax](#)," explains the benefits of that proposal in greater detail, and I encourage you to support that idea as well.

¹ Diansheng Dong and Hayden Stewart, "[Food Taxes and Their Impacts on Food Spending](#)," U.S. Department of Agriculture, Economic Research Service, Sept. 2021, p. 7.

² Jianqiang Zhao, "[Putting Grocery Food Taxes on the Table: Evidence for Food Security Policy-Makers](#)," Master's Thesis, Cornell University, Aug. 2020, p. iii.

³ "[Tax Incentive Evaluation: Grocery Sales Tax Exemption](#)," Georgia Department of Audits and Accounts, Dec. 13, 2022.

⁴ "[Hawaii General Excise & Use Tax Exemptions: Tax Year 2021](#)," Hawaii Department of Taxation, Nov. 2022, p. 6.

⁵ Isaac Choy, "[Column: GET not as regressive as some believe](#)," Honolulu Star-Advertiser, July 24, 2022.

In any case, we applaud the committee for considering [SB1118](#), a timely and important bill that would help lower Hawaii's cost of living and possibly help stop the exodus of our families, friends and neighbors to the mainland.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii



1050 Bishop St. PMB 235 | Honolulu, HI 96813
P: 808-533-1292 | e: info@hawaiiifood.com

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Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, Odom, *Advisor*
Charlie Gustafson, Tamura Super Market, *Immediate Past Chair*

TO: Committee on Health and Human Services

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 3, 2023
TIME: 1pm
PLACE: Via Videoconference

RE: SB1118 Relating to General Excise Tax

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

HFIA is in support of this measure. Exempting groceries from the GET has a range of benefits for Hawaii consumers.

Benefit lower income households the most –

Lower income households spend a higher percentage of their income on food and essential items. Taxes on these items disproportionately impact lower income Hawaii families. This is the definition of a regressive tax.

While some lower income Hawaii residents are eligible for the Refundable Food Excise Tax credit, this amount is a flat rate and does not reflect the actual amount that their household may have spent on food taxes during the year. A single individual making over \$30,000 a year qualifies for \$0 in Refundable Food Excise Tax credit. A married couple making \$41,000 a year qualifies for \$35 in Refundable Food Excise Tax Credit. This is nowhere near the amount of money these individuals and families spend on grocery taxes per year. According to a recent study, cited in a Sep. 14th 2022 KHON story entitled, “Hawaii tops list for most expensive grocery bills,” the average person in Hawaii spends \$556.76 per month on groceries just for themselves.

Households with a shopping budget similar to the USDA’s Thrifty Food Plan spend about \$800 a year on grocery taxes alone. Exempting groceries from the GET would mean these families’



1050 Bishop St. PMB 235 | Honolulu, HI 96813
P: 808-533-1292 | e: info@hawaiiifood.com

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Joe Carter, Coca-Cola Bottling of Hawaii, *Immediate Past Chair*

grocery budget would increase by about \$15 a week. This can mean more food, healthier food, more diverse food, and more local food on Hawaii families' tables.

Combat food insecurity-

A new study co-authored by Harry Kaiser, the Gellert Family Professor at the Cornell Charles H. Dyson School of Applied Economics and Management, finds that even a slight grocery tax-rate increase could be problematic for many. "An increase of 1% to 4% may sound small, but after several trips to the grocery store, the extra costs can create serious burdens for the lowest-income families," Kaiser said. "We found that even the slightest increase in tax rate correlated to an increased likelihood of food insecurity. Grocery taxes that rose by just one percentage point led to a higher risk of hunger in households."

Lower cost of living for all Hawaii residents –

Hawaii has the highest cost of living of any U.S. state. Eliminating the GET on food is a way to immediately bring down the cost of living for all Hawaii residents. The high price of energy, real estate, and cost of shipping impacts Hawaii residents and visitors of all income levels. Many factors impacting our high prices are out of our control. However, eliminating the GET on groceries is within the State's control. Even middle income people are struggling in Hawaii, they deserve to not pay taxes on essential items such as Groceries and OTC medications just like the vast majority of or residents in the United States.

Exempting SNAP eligible groceries from the GET is easy for retailers to implement. These items are already coded into point of sales systems so it is straightforward to program these systems not to apply taxes to these items. This is an efficient way to make food more affordable and bring down the cost of living for Hawaii consumers.

Put Hawaii on par with the rest of the United States –

Shoppers in thirty-seven states pay no taxes on groceries, and six other states have reduced taxes on groceries. Only seven states tax groceries as much as, or more than Hawaii, and all these states have lower costs of living than Hawaii. It is not difficult to implement this tax exemption in other states. Most states agree that taxing groceries and medications is regressive and unethical.

Decrease the substantial tax burden for Hawaii residents –

Between Hawaii's GET on all business transaction, State income taxes, and property taxes, Hawaii residents face one of the highest tax burdens in the U.S. Residents of Honolulu, Kauai, and Hawaii Counties also have the added burden of the County Surcharge taxes. Removing the GET from groceries lessens the substantial tax burden faced by Hawaii residents.



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Combat Inflation –

Recent historic inflation rates have made many goods and services, including food, more expensive and exacerbated existing economic issues, like food insecurity in our state. Removing the GET from groceries can help counteract the recent inflation and increase Hawaii families' purchasing power for food.

For all these reasons we ask that the Committee pass this measure, and we thank you for the opportunity to testify.

Additional Sources:

<http://files.hawaii.gov/tax/stats/stats/credits/2014credit.pdf>
<https://taxfoundation.org/sales-taxes-on-soda-candy-and-other-groceries-2018/>
<https://www.usatoday.com/story/money/economy/2018/05/10/cost-of-living-value-of-dollar-in-every-state/34567549/>
<https://www.cnbc.com/2018/06/28/these-are-americas-most-expensive-states-to-live-in-for-2018.html>
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<http://www.hawaii.newsnow.com/2018/09/20/hud-now-considered-low-income-oahu/>
https://www.capitol.hawaii.gov/hrscurrent/Vol04_Ch0201-0257/HRS0235/HRS_0235-0055_0085.htm
<https://news.cornell.edu/stories/2021/05/study-grocery-taxes-increase-likelihood-food-insecurity>
<https://www.fns.usda.gov/snap/thriftyfoodplan>

SB-1118

Submitted on: 2/1/2023 10:13:46 AM

Testimony for HHS on 2/3/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Alfred Wehnert	Testifying for Alepeleke's Hawaiian Ice Pops and Catering LLC	Support	Written Testimony Only

Comments:

I support the bill to eliminate GET on groceries.
Alfred Wehnert

THE KŪPUNA CAUCUS



Feb 1 2023

**TO: The Committee on Health and Human Services
Chair Senator Joy A San Buenaventura
Vice Chair Senator Henry J.C. Aquino**

**Concerning: SB314, SB397, SB404, SB102, SB761, SB1477, SB1035, SB1118, SB1128,
SB1134, SB1239, SB1348**

POSITION: Enthusiastic Support of all bills

ALOHA Chair Buenaventura and Vice Chair Aquino, and all members of the committee

On behalf of the Kupuna Caucus' Health and Medical Services sub-committee I am testifying in support of all of the proposed legislation as listed above.

Each one represents a vital step towards keeping our medical professionals here in Hawaii and keeping practitioner offices open for everybody but especially for seniors who often depend on Medicare and Medicaid for health related care and procedures.

Currently it is almost impossible for individual doctors to maintain their own offices without 2 to 4 additional doctors sharing the financial burdens. The extraordinary amount of insurance related paperwork they must file to get paid is over whelming and complicated and often redundant. They have to hire accounting specialists to deal with it so only Medical Corporations survive under those conditions.

I have done my own research and ever single doctor I spoke with (and every doctor my friends/fellow seniors from precinct 2 District 27spoke with) said that the one thing that is affecting them the most are the State's excise taxes which are being addressed in SB102, 761, 1472, 1035, 1118, 1128,1134,1239, and 1348.

When patients receive a bill, they usually do not pay the tax themselves, even if their insurance Company does not pay the tax. The same applies to medical products, prescriptions, any and all support services provided by health and medical practices. In addition Medicare and Medicaid covered bill also never pay the state tax leaving the practitioners or health related institutions and facilities to cover the taxes out of pocket. A number of doctors do not accept Medicare and/Medicaid covered clients or are forced to refer current clients to other medical groups for that reason. This is as concerning as the shortage of doctors all over the state. These bills are what our state can do to encourage them to stay.

Martha E Randolph
Precinct 2 Rep, District 27 Council
DPH Environmental Caucus SCC Representative and
Member of the DPH Legislative Priorities Committee

Friday, February 3, 2023 at 1:00 PM
Via Video Conference; Conference Room 225

Senate Committee on Health and Human Services

To: Senator Joy San Buenaventura, Chair
Senator Henry Aquino, Vice Chair

From: Michael Robinson
Vice President, Government Relations & Community Affairs

Re: **Testimony in Support of SB 1118
Relating To General Excise Tax**

My name is Michael Robinson, and I am the Vice President of Government Relations & Community Affairs at Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system comprised of its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox and over 70 locations statewide with a mission of creating a healthier Hawai'i.

HPH writes in support of SB 1118 which reduces and eliminates from the general excise tax the sale of groceries that are eligible under the Supplemental Nutrition Assistance Program or Special Supplemental Nutrition Program for Women, Infants and Children over a four year period. The measure also reduces and eliminates the general excise tax for the sale of nonprescription drugs, medical supplies, and durable medical equipment over a four year period.

According to a study by the Missouri Economic Research and Information Center in 2019, Hawaii has the highest cost of living in the nation with an index of 191.8. The national average index was set at 100. The rising inflation rate in combination with the high cost of living makes it difficult for working families to pay for housing, food and medical services and supplies. For some families, seeking medical attention is not a priority, resulting in increased visits to the already congested emergency departments.

Thirty-two states and the District of Columbia exempt most groceries purchased for home consumption from the general excise tax. Reducing and eliminating the general excise tax on groceries, nonprescription drugs, medical supplies and durable medical equipment would provide needed relief to our working families.

Thank you for the opportunity to testify.



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

February 3, 2023

HEARING BEFORE THE
SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES

TESTIMONY ON SB 1118
RELATING TO GENERAL EXCISE TAX

Conference Room 225 & Videoconference
1:00 PM

Aloha Chair San Buenaventura, Vice-Chair Aquino, and Members of the Committees:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau supports SB 1118, which reduces and eliminates the general excise tax for the sale of groceries that are eligible under the Supplemental Nutrition Assistance Program or Special Supplemental Nutrition Program for Women, Infants, and Children over a four-year period and reduces and eliminates the general excise tax for the sale of nonprescription drugs, medical supplies, and durable medical equipment over a four-year period.

SNAP offers nutrition assistance to eligible, low-income individuals and families, increasing their food purchasing power and improving their nutrition. SNAP also provides economic benefits to farmers participating at farmers' markets, roadside stands, CSA programs, grocery stores, and other food retailers.

Some of HFB's farmers' markets participate or have participated in the SNAP program. We believe that access to locally grown fresh fruits, vegetables, and protein to low-income individuals and families provides benefit to both SNAP participants and Hawai'i farmers and ranchers.

Residents in thirty-seven states do not pay taxes on groceries and six other states have reduced taxes on groceries. Only seven states tax groceries as much as or more than Hawai'i, but these other states have a lower cost of living than Hawai'i.

Many factors impacting these high food prices are out of the state's control. However, reducing and eventually eliminating the GET on groceries is. Doing so would immediately bring down the cost of living for all Hawai'i residents.

Thank you for the opportunity to testify on this important subject.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: General Excise, Exemption for Eligible Groceries, Nonprescription Drugs, Medical Supplies, Durable Medical Equipment

BILL NUMBER: SB 1118, HB 1483

INTRODUCED BY: SB by KEITH-AGARAN, AQUINO, KANUHA, MCKELVEY, MORIWAKI, SAN BUENAVENTURA, SHIMABUKURO, Kidani; HB by SAIKI

EXECUTIVE SUMMARY: Reduces and eliminates the general excise tax for the sale of groceries that are eligible under the Supplemental Nutrition Assistance Program or Special Supplemental Nutrition Program for Women, Infants, and Children over a four-year period. Reduces and eliminates the general excise tax for the sale of nonprescription drugs, medical supplies, and durable medical equipment over a four-year period.

SYNOPSIS: Adds two new sections to chapter 237, HRS.

The first new section establishes an exemption for groceries eligible for purchase under the Supplemental Nutrition Assistance Program (SNAP) and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) within the State, regardless of the means of purchase and the eligibility of the purchaser for SNAP or WIC benefits.

For 2024-2026, the tax is reduced to 3%, 2%, and 1% respectively. The exemption is fully phased in on January 1, 2027.

Defines "food" or "food product" as substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value.

Defines "groceries" as any food or food product for home consumption. The term "groceries" may be further defined by the department by rule through the enumeration of items in rules or tax informational releases; provided that the department shall consult with the federal Food and Nutrition Service of the United States Department of Agriculture in further defining the term "groceries" for purposes of SNAP or WIC.

The second new section establishes an exemption for the retail sale of nonprescription drugs, medical supplies, and durable medical equipment.

For 2024-2026, the tax is reduced to 3%, 2%, and 1% respectively. The exemption is fully phased in on January 1, 2027.

Defines "drug" by reference to HRS section 329-1.

Defines "durable medical equipment" by reference to HRS section 321-542.

Defines "nonprescription drug" by reference to HRS section 328-1.

EFFECTIVE DATE: July 3, 2023.

STAFF COMMENTS: This measure proposes to provide relief from the imposition of the general excise tax on the retail sale of food, medicine, and medical devices. Although the imposition of the 4% tax on such items may be an irritant, it is an irritant that holds elected officials accountable. It reminds the voting public that puts up the money elected officials like to spend. Because it is so broad based, it is paid by all taxpayers, lending stability to tax collections. Since food purchases are a large part of the general excise tax base and therefore the collections, elimination of the tax on food cannot be accomplished in the long term without a significant reduction in spending.

Although the 4% general excise tax is added to every retail sale of goods and services, it is mistakenly referred to as a sales tax since it is commonly shown separately. It should be remembered that it is a tax collected from persons selling all types of goods or services for the privilege of doing business in the state. To single out one type of business for such a broad tax preference is discriminatory. Should lawmakers not find concurrent reductions in spending, there is no doubt that the rates of other taxes, or for that matter the rate imposed on other general excise taxpayers, will have to increase. Should an increase in the general excise tax rate be necessary, it is more than likely that the higher cost of the tax will be passed on to all consumers including grocers who will embed the cost of the higher tax rate in the shelf price of the food products they sell.

If tax relief is the goal of this measure, then an across-the-board reduction in the general excise tax rate would be far more beneficial than an exemption aimed solely at food purchases. A reduction in the general excise tax rate to 3.5% would have the same revenue impact as the exemption of food purchases.

Finally, lawmakers should consider the stability that the tax on food lends to general excise tax collections. Because food is not a discretionary expense, food purchases tend to even out the peaks and valleys that would result if food were exempt. As proponents of the food exemption point out, food is one purchase that is not discretionary, thus sales of food products will always be a stabilizer of retail activity and therefore general excise tax collections.

The measure also proposes a general excise tax exemption for medicine and medical devices. While the cost of the tax is an element in the cost of medical care, it is not by any means the major cost which contributes to the rising cost of health care. For example, costly government regulations and malpractice insurance have often been cited in the rising cost of medical care. Thus, while medical care in toto is expensive, the 4% tax on medicine and medical devices does not seem to be one of the primary factors behind these costs.

Digested: 2/1/2023

SB-1118

Submitted on: 2/2/2023 11:17:25 AM

Testimony for HHS on 2/3/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Esther Smith	Individual	Support	In Person

Comments:

Once a week in the year 2023 I have recommended a patient move to the mainland to receive care for a life-threatening condition because providing adequate care to patients on Big Island has gone from difficult to sometimes impossible. When I complained to my colleagues who practice on Oahu I was shocked to learn the challenges I thought were unique to the neighbor islands exist on Oahu. These include but are not limited to long wait times for diagnostic tests and appointments with specialists. Lack of access and delays in care result in advanced disease and death. The provider shortage crisis has inevitably become a health care crisis.

Health care in Hawaii’s number one rating in US News and World report is a mirage that policy makers and health insurance companies conjure in to justify inaction. They use the argument that “we are number one for healthcare” to rationalize continuing systemic low reimbursement and punitive taxes while denying the deteriorating, dysfunctional health care system. Having the longest life expectancy in the nation is not a product of a robust healthcare system but is rather a gift from the islands and the culture it inspires. The people who live in Hawaii have lower rates of smoking and obesity, the beauty of the islands and the sprit of Aloha -that is why they live longer. Further US News and World Report also fails to appreciate that having an insurance card does not equal having access to care.

Increasing reimbursement is a crucial step in improving patient care and halting ongoing closures. SB397 would make Medicaid fees equal to Medicare fees. Medicaid in this state pays primary care approximately 53% of what is paid by Medicare. (Kaiser Family Foundation 2019) It is worth noting that Hawaii already has one of the lowest Medicare acceptance rates in the nation, Medicaid is markedly worse. Clinics and hospitals are operating in the red largely due to this unsustainable level of funding. Increases to Medicaid fee payments are a better way to address the health care crisis than grants. Grants can be distributed ineffectively or funneled to special interest groups: Paying more for care ensures that the people providing the care can keep their clinics and hospitals open.

The General Excise Tax on health care dis-incentivizes taking care of Medicare, Medicaid patients and our veterans because the taxes on healthcare services must be paid by the provider – by federal law. The financial impact of the tax is far greater than it would appear. If a clinic were to provide \$1,000,000 in services and like at my clinic 75% of them were Medicare, Medicaid and veterans then the tax that the clinic would pay on those services would be \$30,000. 85% or more of what the clinic brings in is spent of health insurance, wages and other overhead. This leaves \$150,000 in actual wages to the physician before taxes. After taxes this is about \$110,000 – this means the actual impact of the GET on the physician is more like 25% than 4. SB102, SB 761, SB SB1118, SB1128 would make a serious impact on health facilities all over the state.

It has been argued that the provider shortage is not due to punitive taxes or low reimbursement- Instead, we are told the lack of doctors is because it is difficult to train enough docs to keep up with retirements and people going to the mainland. Further it is said that the goal shouldn't be to replace doctors because health care is evolving. And it is evolving, it is evolving to a system where the people who rely on Medicare and Medicaid are served by CVS minute clinics, giant health systems and overburdened federally qualified access clinics while the prosperous are seen by the few remaining private practice physicians who have been forced stopped taking insurance altogether.

It doesn't have to be this way but it soon will be. We do not have to lose the small clinics the same way we lost the mom and pop pharmacies My own clinic teeters at the edge of closure. My nurse practitioner is taking a voluntary leave of absence to ease the strain because her seeing more patients doesn't cover the costs. In our seeing more people actually loses us money. This month, instead of being paid, I have started using my retirement savings that I accrued before I moved to Hawaii to meet our expenses. This is the final stand for us. Removing the GET from healthcare and paying for Medicaid services at the same rate as Medicare will save clinics and hospitals. It may be too late for mine, even if these bills were to be enacted today, but you can save other facilities. In saving the clinics and hospitals you will be saving people. Please act now.

Michael Traub, ND, FABNO
Lokahi Health Center
75-5591 Palani Rd. Suite 201
Kailua Kona, Hawaii 96740
Phone 808-329-2114
Fax 808-326-2871
Traub.michael@gmail.com

January 31, 2023

Re: SB1118

Hearing Friday February 3, 2023 1:00 pm

Committee on Health and Human Services
Senator Joy A. San Buenaventura, Chair
Senator Henry J.C. Aquino, Vice Chair

There are several bills scheduled for this hearing that pertain to exemptions to the Hawaii General Excise tax.

SB1118 would exempt non-prescription drugs, medical supplies and equipment. Please support SB1118.

Mahalo for your consideration.

Sincerely,

Michael Traub ND

SB-1118

Submitted on: 1/31/2023 7:29:11 PM

Testimony for HHS on 2/3/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Chad Imanaka	Individual	Support	Written Testimony Only

Comments:

Strongly support removing general excise tax

SB-1118

Submitted on: 1/31/2023 7:13:55 PM

Testimony for HHS on 2/3/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
sharon kershner	Individual	Support	Written Testimony Only

Comments:

Taxing food and medicine is the most REGRESSIVE tax there is. Find a way to, tax tourism and out of state investors that just take take take and please give the people that live, work, and Are, the essence of Aina of this Island a break.

SB-1118

Submitted on: 1/31/2023 8:38:17 PM

Testimony for HHS on 2/3/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Heather Perry	Individual	Support	Written Testimony Only

Comments:

Food prices have been up and up, causing many Hawaiians to eat unhealthily- as less nutritious foods are inexpensive, comparatively.

The costs of all goods in Hawaii need to stop increasing so dramatically, especially folks on a fixed income, like myself.

SB-1118

Submitted on: 2/1/2023 5:03:52 AM

Testimony for HHS on 2/3/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lily Cabinatan	Individual	Support	Written Testimony Only

Comments:

I am a resident of Hawaii since birth. I am a retired teacher & administrator with the Department of education. I am now a farmer struggling to survive. Hawaii has long had low wages with the highest cost of living. People have been struggling forever. It has never made sense to me. I do realize that Hawaii people do not speak up enough about this situation.

removing this excise tax would greatly help all of us. Please take care of the people of Hawaii.
aloha,

Lily Ann & Douglas Cabinatan Sr.

SB-1118

Submitted on: 2/1/2023 8:58:02 AM

Testimony for HHS on 2/3/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Elise Carmody	Individual	Support	Written Testimony Only

Comments:

Why Remove the GET Tax from Groceries? Put Hawaii on par with the rest of the United States

Shoppers in thirty-seven states pay no taxes on groceries, and six other states have reduced taxes on groceries. Only seven states tax groceries as much as, or more than Hawaii, and all these states have lower costs of living than Hawaii. It is not difficult to implement this tax exemption in other states. Most states agree that taxing groceries and medications is extremely regressive and unethical.

Benefit lower income households the most –

1. income households spend a higher percentage of their income on food and essential items. Taxes on these items disproportionately impact lower income Hawaii families. This is the definition of a regressive tax. While some lower income Hawaii residents are eligible for the Refundable Food Excise Tax credit, this amount is a flat rate and does not reflect the actual amount that their household may have spent on food taxes during the year. A single individual making over \$30,000 a year qualifies for \$0 in Refundable Food Excise Tax credit. A married couple making \$41,000 a year qualifies for \$35 in Refundable Food Excise Tax Credit. This is nowhere near the amount of money these individuals and families spend on grocery taxes per year. According to a recent study, cited in a Sep. 14th 2022 KHON story entitled, “Hawaii tops list for most expensive grocery bills,” the average person in Hawaii spends \$556.76 per month on groceries just for themselves.

Lower cost of living for all Hawaii residents –

1. has the highest cost of living of any U.S. state. Eliminating the GET on food is a way to immediately bring down the cost of living for all Hawaii residents. The high price of energy, real estate, and cost of shipping impacts Hawaii residents and visitors of all income levels. Many factors impacting our high prices are out of our control. However, eliminating the GET on groceries is within the State’s control. Even middle income people are struggling in Hawaii, they deserve to not pay taxes on essential items such as Groceries and OTC medications just like the vast majority of or residents in the United States.

Decrease the substantial tax burden for Hawaii residents –

1. Hawaii's GET on all business transaction, State income taxes, and property taxes, Hawaii residents face one of the highest tax burdens in the U.S. Residents of Honolulu, Kauai, and Hawaii Counties also have the added burden of the County Surcharge taxes. Removing the GET from groceries lessens the substantial tax burden faced by Hawaii residents.

Combat Inflation –

1. historic inflation rates have made many goods and services, including food, more expensive and exacerbated existing economic issues, like food insecurity in our state. Removing the GET from groceries can help counteract the recent inflation and increase Hawaii families' purchasing power for food.

Cornell Study Shows Grocery taxes increased likelihood of food insecurity-

A new study co-authored by Harry Kaiser, the Gellert Family Professor at the Cornell Charles H. Dyson School of Applied Economics and Management, finds that even a slight grocery tax-rate increase could be problematic for many. "An increase of 1% to 4% may sound small, but after several trips to the grocery store, the extra costs can create serious burdens for the lowest-income families," Kaiser said. "We found that even the slightest increase in tax rate correlated to an increased likelihood of food insecurity. Grocery taxes that rose by just one percentage point led to a higher risk of hunger in households."

SB-1118

Submitted on: 2/1/2023 11:08:34 AM

Testimony for HHS on 2/3/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
lynne matusow	Individual	Support	Written Testimony Only

Comments:

There should not be a tax on food or drugs, period. This is a step in the right direction.

SB-1118

Submitted on: 2/1/2023 4:01:35 PM

Testimony for HHS on 2/3/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Dr. Guy Yatsushiro	Individual	Support	Written Testimony Only

Comments:

Support

SB-1118

Submitted on: 2/1/2023 4:06:47 PM

Testimony for HHS on 2/3/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Dara Yatsushiro	Individual	Support	Written Testimony Only

Comments:

Stand in SUPPORT

SB-1118

Submitted on: 2/1/2023 7:39:43 PM

Testimony for HHS on 2/3/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
BRIAN CANEVARI	Individual	Support	Written Testimony Only

Comments:

Taxing groceries is absurd and needs to end.

Rebates, tax credits and such are cumbersome awkward and not really helping anyone in need.

Plain and to the point, no more General Excise on groceries, no excuses from the legislators. Done.

SB-1118

Submitted on: 2/2/2023 11:45:20 AM

Testimony for HHS on 2/3/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Anya Nebl	Individual	Support	Written Testimony Only

Comments:

Aloha, I support the complete removal of taxes on groceries. Compelling information in support of the removal of taxes on groceries is given below, provided by "Hawaii Food" :

Shoppers in thirty-seven states pay no taxes on groceries, and six other states have reduced taxes on groceries. Only seven states tax groceries as much as, or more than Hawaii, and all these states have lower costs of living than Hawaii. It is not difficult to implement this tax exemption in other states. Most states agree that taxing groceries and medications is extremely regressive and unethical.

Benefit lower income households the most –

Lower income households spend a higher percentage of their income on food and essential items. Taxes on these items disproportionately impact lower income Hawaii families. This is the definition of a regressive tax.

While some lower income Hawaii residents are eligible for the Refundable Food Excise Tax credit, this amount is a flat rate and does not reflect the actual amount that their household may have spent on food taxes during the year. A single individual making over \$30,000 a year qualifies for \$0 in Refundable Food Excise Tax credit. A married couple making \$41,000 a year qualifies for \$35 in Refundable Food Excise Tax Credit. This is nowhere near the amount of money these individuals and families spend on grocery taxes per year. According to a recent study, cited in a Sep. 14th 2022 KHON story entitled, “Hawaii tops list for most expensive grocery bills,” the average person in Hawaii spends \$556.76 per month on groceries just for themselves.

Lower cost of living for all Hawaii residents –

Hawaii has the highest cost of living of any U.S. state. Eliminating the GET on food is a way to immediately bring down the cost of living for all Hawaii residents. The high price of energy, real estate, and cost of shipping impacts Hawaii residents and visitors of all income levels. Many factors impacting our high prices are out of our control. However, eliminating the GET on groceries is within the State’s control. Even middle income people are struggling in Hawaii, they deserve to not pay taxes on essential items such as Groceries and OTC medications just like the vast majority of or residents in the United States.

LATE

SB-1118

Submitted on: 2/2/2023 2:28:28 PM

Testimony for HHS on 2/3/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Elise Lee	Individual	Support	Written Testimony Only

Comments:

The majority of US States do not have a tax on Food. Taking away GET on food helps the average person as well as big entities feeding a multitude of people, to budget for food a little easier. This may additionally ease or enable to lower EBT amounts across the budget. This would also help the high cost of living and enable more people to be healthy and buy groceries and eat more healthily. I support this Bill!