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# A BILL FOR AN ACT

RELATING TO THE GENERAL EXCISE TAX.

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

1           SECTION 1. The legislature finds that Hawaii taxpayers are  
2 some of the most overburdened taxpayers in the nation. This  
3 burden is most severe when consumers are taxed on critical items  
4 needed for basic life functions. Several states, including  
5 Alabama, Connecticut, Florida, Georgia, Illinois, Iowa,  
6 Louisiana, Maryland, Missouri, Mississippi, New Mexico, North  
7 Carolina, Oklahoma, South Carolina, Tennessee, Texas, Vermont,  
8 and Virginia, have temporary state sales tax holidays. A general  
9 excise tax holiday would allow for the citizens of this State to  
10 retain more of their money to spend in more beneficial ways. A  
11 tax holiday on the sale of school supplies would have the effect  
12 of stimulating retail sales and would help consumers and  
13 retailers alike.

14           The legislature further recognizes that the State levies a  
15 general excise tax on businesses, rather than a state sales tax  
16 on consumers. The purpose of this Act is to authorize a state



1 general excise tax holiday in the State prior to the start of  
2 the school year on the condition that businesses pass the  
3 savings on to consumers.

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

7 "§237- GET tax holiday. (a) Notwithstanding any law to  
8 the contrary, taxes under this chapter shall not be due on the  
9 sale of any purchases under \$2,000 if the sale takes place  
10 annually during the period beginning at 12:01 a.m. on the last  
11 Friday in July and ending at 11:59 p.m. of the Sunday  
12 immediately following that Friday; provided that all savings  
13 generated by this section shall be passed on by the seller to  
14 the purchaser without any increase in price.

15 (1) The tax exemptions provided in this section do not apply  
16 to sales on any age-restricted products such as tobacco  
17 and alcohol.

18 (2) The tax exemptions provided in this section do not apply  
19 to sales within an airport as defined in HRS §261-1,  
20 Hawaii Revised Statutes.

21 (3) The exemption provided in this section shall not apply to:



1 (A) Rebates, layaway sales, rain checks, or exchanges  
2 when the transactions occur before or after the  
3 tax holiday period; or

4 (B) Sales on items that will be resold in any manner;  
5 or

6 (C) Items purchased via the internet, telephone, or  
7 mail-order; or

8 (D) The rental of goods or services; or

9 (E) Taxable services performed on retail items.

10 (4) The exemption provided in this section shall apply only to  
11 businesses operating with a general excise tax license  
12 from the department.

13 (A) Multiple articles that are normally sold as a  
14 collective unit shall continue to be sold in that  
15 manner and shall not be priced separately and  
16 sold as individual items to qualify for the  
17 exemption.

18 (B) Shipping and handling charges shall be included  
19 as part of the sales price of the item.

20 (C) A retailer shall not be required to obtain any  
21 special license, permit, or other documentation



1 of sales during the exemption holiday period;  
2 provided that the retailer has a general excise  
3 tax license; provided further that the retailer's  
4 records shall clearly identify the type of item  
5 sold, the date the item was sold, and the sales  
6 price of the item.

7 (D) A retailer may offer a discount to reduce the  
8 retail sales price of an item; provided that if  
9 the discount reduces the retail sales price of an  
10 item to \$2,000 or less, the item shall qualify  
11 for the exemption.

12 (E) The total retail sales price of items advertised  
13 as "buy one, get one free" or "buy one, get one  
14 for a reduced price," shall not be averaged for  
15 both items to qualify for the exemption.

16 SECTION 3. New statutory material is underscored.

17 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:

  
JAN 20 2023



# H.B. NO. 625

**Report Title:**

General Excise Tax; Holiday

**Description:**

Establishes an annual general excise tax holiday for consumers and businesses for items with a retail price under \$2,000; provided that businesses pass savings on to consumers.

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

