

JAN 25 2023

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. 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- Exemption for groceries. Any provision of law
5 to the contrary notwithstanding, there shall be exempted from
6 the measure of the taxes imposed by this chapter, all of the
7 gross proceeds derived from the sale of groceries.

8 For purposes of this section, "groceries" means products
9 eligible to be purchased with the United States Department of
10 Agriculture's Supplemental Nutrition Assistance Program
11 benefits."

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

15 "§237- Exemption for certain health products. (a) As
16 used in this section:

17 "Feminine hygiene products" means a sanitary napkin,
18 sanitary towel, tampon, panty liner, douche, feminine hygiene

S.B. NO. 1348

1 syringe, menstrual cup, sanitary pad, or vaginal cream, foam,
2 ointment, jelly, powder, or spray used for hygiene purposes.

3 "Incontinence products" means an absorbent single-use
4 garment worn by humans who are incapable of, or have difficulty,
5 controlling their bladder or bowel movements and includes an
6 absorbent single-use product, not worn on the body, designed to
7 protect furniture or other tangible personal property from
8 soiling or damage due to human incontinence.

9 "Over-the-counter medicines" means over-the-counter drugs
10 regulated by the United States Food and Drug Administration as
11 safe and effective for use by humans.

12 (b) Any provision of law to the contrary notwithstanding,
13 there shall be exempted from the measure of the taxes imposed by
14 this chapter, all of the gross proceeds derived from the sale of
15 feminine hygiene products, incontinence products, and over-the-
16 counter medicines."

17 SECTION 3. New statutory material is underscored.

18 SECTION 4. This Act, upon its approval, shall take effect
19 on January 1, 2024.

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INTRODUCED BY:



BY REQUEST

S.B. NO. 1348

Report Title:

General Excise Tax; Exemptions; Groceries; Health Products

Description:

Exempts certain groceries, feminine hygiene products, incontinence products, and over-the-counter drugs from the general excise tax.

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

JUSTIFICATION SHEET

DEPARTMENT: Governor

TITLE: A BILL FOR AN ACT RELATING TO GENERAL EXCISE TAX EXEMPTIONS.

PURPOSE: To exempt certain groceries, feminine hygiene products, incontinence products, and over-the-counter medicines from the general excise tax.

MEANS: Add two new sections to chapter 237, Hawaii Revised Statutes (HRS).

JUSTIFICATION: The high cost of living in the State has made it difficult for households to afford basic necessities. A general excise tax exemption on groceries, feminine hygiene products, incontinence products, and over-the-counter medicines will help make these essential household items more affordable.

Impact on the public:
Businesses will be exempt from general excise tax on gross proceeds received from the sale of certain groceries, feminine hygiene products, incontinence products, and over-the-counter medicines. Consumers will benefit from the exemption to the extent that the tax savings are passed on to consumers.

Impact on the department and other agencies:
The department will need to revise its computer tax system and forms to implement the exemption.

GENERAL FUND: Net revenue loss of \$119.1 million.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: None.

OTHER AFFECTED
AGENCIES:

None.

EFFECTIVE DATE:

January 1, 2024.