

STAND. COM. REP. NO.

59

Honolulu, Hawaii

FEB 04 , 2025

RE: H.B. No. 933
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Human Services & Homelessness, to which was referred H.B. No. 933 entitled:

"A BILL FOR AN ACT RELATING TO GENERAL EXCISE TAX
REDUCTIONS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish a reduction in the general excise tax rate on gross proceeds or gross income from the sale of groceries that are eligible for purchase under the Supplemental Nutrition Assistance Program or Special Supplemental Nutrition Program for Women, Infants, and Children and from the sale of nonprescription drugs; and
- (2) Require the Department of Business, Economic Development, and Tourism to conduct an economic cost-benefit analysis on the general excise reductions and submit a report to the Legislature.

Your Committee received testimony in support of this measure from the Grassroot Institute of Hawaii; Hawai'i Foodbank; Hawai'i Pacific Health; Hawaii Food Industry Association; and Maui Chamber of Commerce. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

2025-1231 HB933 HD1 HSCR HMSO



Your Committee finds that Hawaii's high cost of living forces many residents to struggle with basic necessities, including food, housing, and medication. Food insecurity remains a serious issue, with nearly half of Hawaii families with children experiencing difficulty affording enough to eat. Unlike most states, Hawaii taxes groceries at the full general excise tax rate, which disproportionately burdens working families and those on limited budgets. Reducing the general excise tax on groceries and nonprescription drugs would provide immediate financial relief, helping families afford essential items.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Your Committee notes the request in testimony from the Department of Taxation that this measure take effect on January 1, 2027, rather than January 1, 2026, to allow the Department sufficient time to implement the proposed reduced rates for the sale of eligible groceries and nonprescription drugs and provide businesses with enough time to update their accounting systems to comply with the changes proposed by this measure.

As affirmed by the record of votes of the members of your Committee on Human Services & Homelessness that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 933, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 933, H.D. 1, and be referred to your Committee on Economic Development & Technology.



Respectfully submitted on
behalf of the members of the
Committee on Human Services &
Homelessness,



LISA MARTEN, Chair



