## A BILL FOR AN ACT

RELATING TO TAXATION.

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

- 1 SECTION 1. The legislature finds that Hawaii has one of
- 2 the highest costs of living in the nation, placing a heavy
- 3 financial burden on working families. The legislature further
- 4 finds that the general excise tax on the sale of certain
- 5 essential products, such as groceries and nonprescription drugs,
- 6 disproportionately impacts low- and moderate-income families.
- 7 While completely eliminating these taxes would also eliminate
- 8 their regressive impact on taxpayers, the legislature recognizes
- 9 that the State's fiscal needs would not be met with the
- 10 significant decrease in revenue that would result from full
- 11 exemptions from the general excise tax.
- 12 Accordingly, the purpose of this Act is to reduce the
- 13 general excise tax rate imposed on nonprescription drugs by one
- 14 half.
- 15 SECTION 2. Chapter 237, Hawaii Revised Statutes, is
- 16 amended by adding one new section to be appropriately designated
- 17 and to read as follows:



- 1 "<u>§237-</u> Rate for nonprescription drugs. (a) The rate
- 2 of taxes imposed by this chapter on all of the gross proceeds or
- 3 gross income received or derived from the sale of
- 4 nonprescription drugs shall be one half of the rate imposed by
- **5** section 237-13(9).
- 6 (b) For the purposes of this section, "nonprescription
- 7 drug" has the same meaning as in section 328-1."
- 8 SECTION 3. New statutory material is underscored.
- 9 SECTION 4. This Act shall take effect on July 1, 3000.

## Report Title:

General Excise Tax; Nonprescription Drugs; Reduced Rate

## Description:

Reduces the general excise tax rate imposed on nonprescription drugs by one half. Effective 7/1/3000. (HD1)

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