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# A BILL FOR AN ACT

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RELATING TO TRANSPORTATION.

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

1       SECTION 1. The legislature finds that the increasing  
2 number of deliveries into residential neighborhoods has led to  
3 growing numbers of large trucks speeding through areas where  
4 families and children play, walk, and bike to school, raising  
5 the risk of dangerous situations, injuries, and fatalities.

6       Therefore, the purpose of this Act is to:

7       (1) Establish a retail delivery safety fee on the delivery  
8 transactions causing deliveries to enter neighborhoods  
9 to help pay for the safety upgrades necessary to  
10 better protect local families and students from the  
11 increasing risk of delivery vehicles; and

12       (2) Require the fee be deposited into the safe routes to  
13 school special fund to initiate and execute  
14 safety-related projects.

15       SECTION 2. The Hawaii Revised Statutes is amended by  
16 adding a new chapter to title 14 to be appropriately designated  
17 and to read as follows:



**"CHAPTER**

**RETAIL DELIVERY SAFETY FEE**

**§ -1 Definitions.** As used in this chapter:

"Director" means the director of taxation.

"Drugs and medical devices" means:

- (1) Drugs, including over-the-counter drugs;
- (2) Single-use finger-pricking devices for the extraction of blood and other single-use devices and single-use diagnostic agents used in diagnosing, monitoring, or treating diabetes;
- (3) Insulin and medical oxygen for human use, regardless of whether prescribed or sold over the counter;
- (4) Prosthetic devices;
- (5) Durable medical equipment for home use only;
- (6) Mobility enhancing equipment;
- (7) Prescription corrective eyeglasses;
- (8) Kidney dialysis equipment, including repair and replacement parts; and
- (9) Items purchased in transactions covered by medicare or medicaid.



"Food and beverage service establishment" means a building, structure, enclosure, or any part of a building, structure, or enclosure used as, maintained as, advertised as, or held out to be an operation that prepares, serves, or otherwise provides food or beverages, or both, for human consumption.

"Food and food ingredients" means 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.

"Marketplace facilitator" has the meaning as defined in section 237-1.

"Person" has the meaning as defined in section 237-1.

"Prepared food" means food that meets either of the following conditions:

(1) The food is sold with eating utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or straws; or

(2) The food is sold in a heated state or heated by the seller or two or more food ingredients are mixed or combined by the seller for sale as a single item, except for:



(A) Bakery items, including but not limited to bread, rolls, buns, biscuits, bagels, croissants, pastries, donuts, danishes, cakes, tortes, pies, tarts, muffins, bars, cookies, and tortillas;

(B) Ready-to-eat meat and seafood in an unheated state sold by weight;

(C) Eggs, fish, meat, poultry, and foods containing these raw animal foods requiring cooking by the consumer as recommended in section 3-401.11 Food and Drug Administration Food Code so as to prevent food borne illnesses; or

(D) Food that is only sliced, repackaged, or pasteurized by the seller.

"Retail delivery" means a delivery to a person located in the State of the following items as part of a retail sale:

(1) Tangible personal property that is subject to taxation under chapter 237; and

(2) Clothing.

"Retail delivery" does not include pickup at the retailer's place of business, including curbside delivery.



"Retail delivery fee" means the fee imposed under section -2.

"Retail sale" includes the sale of tangible personal property for consumption or use by the purchaser and not for resale, the renting of tangible personal property, and the rendering of services by one engaged in a service business or calling, as defined in section 237-7, to a person who is not purchasing the services for resale.

"Retailer" means any person making sales, leases, or rental of personal property or services within or into the State.

"Retailer" includes a:

- (1) Retailer maintaining a place of business in the State;
- (2) Marketplace facilitator maintaining a place of business in the State, pursuant to section 237-4.5;
- (3) Retailer not maintaining a place of business in the State; and
- (4) Marketplace facilitator not maintaining a place of business in the State, pursuant to section 237-4.5.

§ -2 **Fee imposed.** (a) A fee is imposed on each retailer equal to 50 cents on each transaction involving retail delivery in the State. The retailer may collect the fee from



1 the purchaser. If separately stated on the invoice, bill of  
2 sale, or similar document given to the purchaser, the fee shall  
3 be excluded from the sales price for purposes of the tax imposed  
4 under chapter 237.

5 (b) If the retailer collects the fee from the purchaser:

6 (1) The retail delivery fee shall be charged in addition  
7 to any other delivery fee;

8 (2) The retailer shall show the total of the retail  
9 delivery fee and other delivery fees as separate items  
10 and distinct from the sales price and any other taxes  
11 or fees imposed on the retail delivery on the  
12 purchaser's receipt, invoice, or other bill of sale;  
13 and

14 (3) The receipt, invoice, or other bill of sale shall  
15 state the retail delivery fee as "retail delivery  
16 fee".

17 (c) The fee shall be imposed once per transaction  
18 regardless of the number of shipments necessary to deliver the  
19 items of tangible personal property purchased or of the number  
20 of items of tangible personal property purchased.



(d) The fee imposed shall be nonrefundable if any or all items purchased are returned to a retailer or if the retailer provides a refund or credit in the amount equal to or less than the purchase price. The fee shall be refunded to the purchaser if the retail delivery is canceled by the purchaser, retailer, or delivery provider.

§ -3 **Exemptions.** The following retail deliveries are exempt from the fee imposed by this chapter:

(1) A retail delivery resulting from a retail sale of food and food ingredients or prepared food; and

(2) A retail delivery resulting from a retail sale by a food and beverage service establishment, regardless of whether the retail delivery is made by a third party other than the food and beverage service establishment.

§ -4 **Collection and administration.** (a) A retailer shall report the fee on a return prescribed by the director and shall remit the fee with the return. The return and fee shall be filed and paid using the filing cycle and due dates provided for taxes imposed under chapter 237.



(b) A retailer that collects the fee from the purchaser shall collect the fee in the same manner as the tax collected under chapter 237. A retailer using a third-party entity to collect and remit the tax imposed under chapter 237 may elect to have that third-party entity collect and remit the fee imposed under this chapter.

(c) Unless specifically provided otherwise by this chapter, the audit, assessment, refund, penalty, interest, enforcement, collection remedies, appeal, and administrative provisions of chapter 237 shall apply to the fee imposed under this chapter.

**§ -5 Deposit of proceeds.** (a) The director may retain an amount that does not exceed the total cost of collecting, administering, and enforcing the retail delivery fee and shall deposit the amount into the state general fund.

(b) After subtracting the deposits under section -5(a), the director shall deposit the balance of proceeds from the retail delivery safety fee into the safe routes to school program special fund."

SECTION 3. Section 291C-4, Hawaii Revised Statutes, is amended to read as follows:





1       "§291C-4   Safe routes to school program special fund;  
2   **establishment.**   There is established in the state treasury the  
3   safe routes to school program special fund, into which shall be  
4   deposited:

5       (1)   Assessments collected for speeding in a school zone,  
6             pursuant to section 291C-104; [~~and~~]

7       (2)   Safe routes to school program surcharges collected in  
8             accordance with sections 291-16 and 291C-5[~~+~~]; and

9       (3)   Retail delivery safety fees collected pursuant to  
10            section     -4."

11       SECTION 4.   Statutory material to be repealed is bracketed  
12   and stricken.   New statutory material is underscored.

13       SECTION 5.   This Act shall take effect upon its approval;  
14   provided that section 2 shall apply to taxable years beginning  
15   after December 21, 2025.

16  
INTRODUCED BY: \_\_\_\_\_



# S.B. NO. 1124

**Report Title:**

Department of Taxation; Retail Delivery Safety Fee; Retailers;  
Exemptions; Safe Routes to School Special Fund

**Description:**

Establishes the retail delivery safety fee of 50 cents to be imposed on a retailer for each transaction involving a non-food item retail delivery in the State. Allows the retailer to transfer the fee to the purchaser. Creates certain exemptions. Requires the Director of Taxation to deposit the collected fees into the Safe Routes to School Program Special Fund. Allows the Director of Taxation to deposit collected fees that cover the administration of the retail delivery safety fee into the state general fund.

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