

JAN 15 2025

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# A BILL FOR AN ACT

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RELATING TO GENERAL EXCISE TAX EXEMPTIONS.

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

1       SECTION 1. The legislature finds that Hawaii has the  
2 highest cost of living in the nation. The general excise tax is  
3 levied on nearly every economic activity, which, due to the  
4 tax's highly regressive structure, disproportionately affects  
5 low-income and middle-class families. This regressive nature  
6 makes it difficult for average families to afford basic life  
7 expenses, such as food and medical care. The legislature  
8 further finds that, due to the rising cost of living, general  
9 excise tax exemptions are necessary to make living in Hawaii  
10 easier.

11       Food is a major expense for Hawaii families. Although  
12 thirty-two states and the District of Columbia exempt groceries  
13 from their sales taxes, Hawaii is among the minority that taxes  
14 food sales. An average two-person household would save more  
15 than \$400 each year if food were exempt from the general excise  
16 tax.



1 Health care is another major expense for local families.  
2 Although forty-one states exclude medical services from their  
3 sales taxes, Hawaii is among the minority of states that taxes  
4 medical and dental services.

5 Finally, feminine hygiene products are an essential  
6 purchase that cost women an average of \$300 per year. Although  
7 several states that impose sales or excise taxes exempt feminine  
8 hygiene products from taxation, Hawaii does not.

9 The purpose of this Act is to help alleviate the general  
10 excise tax burden on local households by exempting food, medical  
11 services, and feminine hygiene products from the general excise  
12 tax.

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

16 "§237- Exemption of food items. (a) There shall be  
17 exempted from, and excluded from the measure of, the taxes  
18 imposed by this chapter all of the gross proceeds or income  
19 arising from the manufacture, production, packaging, and sale of  
20 food items within the State.

21 (b) As used in this section, "food items" means:



1       (1) Any food or food product for home consumption, except  
2       alcoholic beverages, tobacco, and food products  
3       prepared at the place of sale or at another location  
4       and sold primarily for immediate or nearly immediate  
5       consumption; provided that this exception shall not  
6       apply to the prepared food products authorized under  
7       the following paragraphs;

8       (2) In the case of those persons who are sixty years of  
9       age or over or who receive supplemental security  
10       income benefits or disability or blindness payments  
11       under title I, II, X, XIV, or XVI of the Social  
12       Security Act (42 U.S.C. 301 et seq., 401 et seq., 1201  
13       et seq., 1351 et seq., 1381 et seq.) and their  
14       spouses, meals prepared by and served in senior  
15       citizens' centers, apartment buildings occupied  
16       primarily by these persons, public or private  
17       nonprofit establishments, eating or otherwise, that  
18       feed these persons, private establishments that  
19       contract with the appropriate agency of the State to  
20       offer meals for these persons at concessional prices,



1       and meals prepared for and served to residents of  
2       federally subsidized housing for the elderly;

3       (3) In the case of persons sixty years of age or over and  
4       persons who are physically or mentally handicapped or  
5       otherwise so disabled that they are unable adequately  
6       to prepare all of their meals, meals prepared for and  
7       delivered to them and their spouses at their home by a  
8       public or private nonprofit organization or by a  
9       private establishment that contracts with the  
10       appropriate state agency to perform these services at  
11       concessional prices;

12       (4) In the case of disabled or blind recipients of  
13       benefits under title I, II, X, XIV, or XVI of the  
14       Social Security Act (42 U.S.C. 301 et seq., 401 et  
15       seq., 1201 et seq., 1351 et seq., 1381 et seq.), who  
16       are residents in a public or private nonprofit group  
17       living arrangement that serves no more than sixteen  
18       residents and is certified by the appropriate State  
19       agency or agencies, meals prepared and served under  
20       the arrangement;



1       (5) In the case of persons temporarily residing in public  
2       or private nonprofit shelters for victims of domestic  
3       violence, meals prepared and served by these shelters;  
4       and

5       (6) In the case of households that do not reside in  
6       permanent dwellings and households that have no fixed  
7       mailing addresses, meals prepared for and served by a  
8       public or private nonprofit establishment approved by  
9       an appropriate state or local agency that feeds these  
10      individuals and by private establishments that  
11      contract with the appropriate agency of the State to  
12      offer meals for these individuals at concessional  
13      prices.

14      The phrase "food items" may be further defined by the  
15      department of taxation by rule through the enumeration of items  
16      in rules or informational releases; provided that the department  
17      of taxation shall consult with the federal Food and Nutrition  
18      Service of the United States Department of Agriculture in  
19      further defining the phrase "food items" for the purposes of the  
20      federal supplemental nutrition assistance program.



1        §237-        Exemption for medical services.    (a)   There shall  
2   be exempted from, and excluded from the measure of, the taxes  
3   imposed by this chapter all of the gross proceeds arising from  
4   the sale of medical services.

5        (b)   As used in this section, "medical services" means  
6   services provided by a person licensed under chapters 436E, 442,  
7   447, 448, 448B, 451A, 451J, 451K, 452, 453, 453D, 455, 457,  
8   457A, 457G, 458, 459, 461, 461J, 463E, 465, 465D, 466D, 466J, or  
9   468E.

10       §237-        Exemption for feminine hygiene products.    (a)  
11   There shall be exempted from, and excluded from the measure of,  
12   the taxes imposed by this chapter all of the gross proceeds  
13   arising from the sale of feminine hygiene products.

14       (b)   As used in this section, "feminine hygiene product"  
15   means a sanitary napkin, sanitary towel, tampon, panty liner,  
16   douche, feminine hygiene syringes, menstrual cup, sanitary pad,  
17   or vaginal creams, foams, ointments, jellies, powders, and  
18   sprays used for hygiene purposes."

19       SECTION 3.   New statutory material is underscored.



1 SECTION 4. This Act shall take effect on July 1, 2025.

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INTRODUCED BY:

Kurt Fevelk



# S.B. NO. 194

**Report Title:**

General Excise Tax; Exemptions; Food; Medical Services; Feminine Hygiene Products

**Description:**

Establishes general excise tax exemptions for food, medical services, and feminine hygiene products.

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