
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 taxpayers are
2 some of the most overburdened taxpayers in the nation. This
3 burden is most exacerbated when consumers are taxed on critical
4 items needed for school. Nationally, consumer groups estimated
5 that families with students between grades K-12 are estimated to
6 spend an average of over \$800 on back-to-school necessities.
7 This is a daunting price tag for many local families, as the
8 school supply list begins to grow and the cost of living only
9 ever seems to increase.

10 Several states, including Alabama, Connecticut, Florida,
11 Georgia, Illinois, Iowa, Louisiana, Maryland, Missouri,
12 Mississippi, New Mexico, North Carolina, Oklahoma, South
13 Carolina, Tennessee, Texas, Vermont, and Virginia, have
14 temporary state sales tax holidays. A general excise tax
15 holiday would allow Hawaii residents to retain more of their
16 money to spend on other necessities.



1 The legislature further recognizes that the State levies a
2 general excise tax on businesses, rather than a state sales tax
3 on consumers. The purpose of this Act is to authorize a state
4 general excise tax holiday for school supplies sold in the State
5 prior to the start of the school year on the condition that
6 businesses pass the savings on to consumers.

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

10 **"§237- School supply tax holiday.** (a) Notwithstanding
11 any law to the contrary, taxes under this chapter shall not be
12 due on the sale of clothing or bags with a retail sales price of
13 \$100 or less per item or the sale of school supplies if the sale
14 takes place between 12:01 a.m. on the last Friday prior to
15 students' first day of public school, as designated on the
16 department of education official school calendar, and ending at
17 12 midnight of the Sunday immediately following that Friday;
18 provided that all savings generated by this section shall be
19 passed on by the seller to the purchaser without any increase in
20 price. This exemption shall apply to the sale of school



1 supplies only and not to sales of items that will be resold in
2 any manner.

3 (b) The exemption provided in this section shall not apply
4 to:

5 (1) Rebates, layaway sales, rain checks, or exchanges when
6 the transactions occur before or after the tax holiday
7 period;

8 (2) The rental of goods and services; and

9 (3) Taxable services performed on retail items.

10 (c) The exemption provided in this section shall apply
11 only to businesses operating with a general excise tax license
12 from the department.

13 (d) Multiple articles that are normally sold as a
14 collective unit shall continue to be sold in that manner and
15 shall not be priced separately and sold as individual items to
16 qualify for the exemption.

17 (e) Shipping and handling charges shall be included as
18 part of the sales price of the item.

19 (f) The retailer shall not be required to obtain any
20 special license, permit, or other documentation of sales during
21 the exemption holiday period; provided that the retailer's



1 records shall clearly identify the type of item sold, the date
2 the item was sold, and the sales price of the item.

3 (g) For purposes of this section:

4 "Bag" includes handbags, backpacks, fanny packs, and tote
5 bags. The term does not include briefcases, suitcases, and
6 other garment bags.

7 "Clothing" means any article of wearing apparel, including
8 footwear, intended to be worn on or about the human body. The
9 term shall include but not be limited to cloth and other
10 material used to make school uniforms or other school clothing.

11 Items normally sold in pairs, such as socks and shoes, shall not
12 be separated to qualify for the exemption. The term shall not
13 include watches, watchbands, jewelry, handkerchiefs, umbrellas,
14 scarves, ties, headbands, or belt buckles.

15 "School supply" means binders, book bags, calculators,
16 cellophane tape, blackboard chalk, compasses, composition books,
17 crayons, erasers, expandable folders, pocket folders, plastic
18 folders, manila folders, glue, paste, paste sticks,
19 highlighters, index cards, index card boxes, legal pads, lunch
20 boxes, markers, notebooks, loose leaf ruled notebook paper, copy
21 paper, graph paper, tracing paper, manila paper, colored paper,



1 poster board, construction paper, pencil boxes and other school
2 supply boxes, pencil sharpeners, pencils, pens, protractors,
3 rulers, scissors, correction tape, flash drives, and writing
4 tablets. "School supply" excludes all items not listed in this
5 definition."

6 SECTION 3. New statutory material is underscored.

7 SECTION 4. This Act shall take effect upon its approval.

8

INTRODUCED BY: 

JAN 27 2026



H.B. NO. 2391

Report Title:

General Excise Tax; Tax Holiday; School Supplies

Description:

Establishes a general excise tax holiday on school supplies, provided that businesses pass the savings on to consumers.

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