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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

SECTION 1. Chapter 237, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**"§237- Exemption of groceries, health care, and utility costs.** (a) There shall be exempted from, and excluded from the measure of, the taxes imposed by this chapter all of the gross proceeds or income arising from the sale of groceries, health care services, and utility services.

(b) For the purposes of this section:

"Cable" has the same meaning as "cable service" as defined in section 440G-3.

"Food" or "food ingredient" 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. "Food" or "food ingredients" does not include alcoholic beverages, tobacco,



1 prepared food, soft drinks, dietary supplements, or food or food  
2 ingredients sold from a vending machine, whether cold or hot.

3 "Groceries" means any food or food ingredients sold for  
4 home consumption. "Groceries" may be further defined by the  
5 department of taxation by rule through the enumeration of items  
6 in rules or a tax informational release.

7 "Health care services" means services provided by a person  
8 licensed and conducted under chapter 436E, 442, 447, 448, 448B,  
9 451A, 451J, 451K, 452, 453, 453D, 455, 457, 457A, 457G, 458,  
10 459, 461, 461J, 463E, 465, 465D, 466D, 466J, or 468E.

11 "Prepared food" means:

12 (1) Food sold in a heated state or heated by the seller;

13 (2) Food sold with eating utensils provided by the seller,  
14 including plates, knives, forks, spoons, chopsticks,  
15 glasses, cups, napkins, or straws. A plate does not  
16 include a container or packaging used to transport the  
17 food; or

18 (3) Two or more food ingredients mixed or combined by the  
19 seller for sale as a single item, except:

20 (A) Food that is only cut, repackaged, or pasteurized  
21 by the seller; or



(B) Raw eggs, meat, poultry, or foods containing these raw animal foods requiring cooking by the consumer to prevent food borne illness, as recommended by the federal Food and Drug Administration in chapter 3, part 401.11 of the Food Code, published by the Food and Drug Administration, as amended or renumbered.

"Telecommunications" has the same meaning as  
"telecommunications service" as defined in section 269-1.

"Utility service" means service for electricity, water,  
sewer, natural gas, cable, or telecommunications."

SECTION 2. New statutory material is underscored.

SECTION 3. This Act shall take effect on July 1, 2027.

INTRODUCED BY:

JAN 28 2026



# H.B. NO. 2521

**Report Title:**

DOTAX; General Excise Tax; Exemptions; Groceries; Health Care; Utilities

**Description:**

Exempts from the general excise tax the sale of groceries, health care services, and utility services. Defines terms.

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