

Honolulu, Hawaii

FEB 12 , 2026

RE: H.B. No. 1611
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Economic Development & Technology, to which
was referred H.B. No. 1611 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Beginning January 1, 2027, establish a yearly reduction in the general excise tax rate on groceries and nonprescription drugs on a tiered schedule until January 1, 2034, when a full general excise tax exemption will begin;
- (2) Beginning January 1, 2028, provide a general excise tax exemption on the wholesale sale of groceries and nonprescription drugs; and
- (3) Beginning January 1, 2027, prohibit the counties from imposing a county surcharge on groceries and nonprescription drugs.

Your Committee received testimony in support of this measure from Hawai'i Food+Policy; Maui Chamber of Commerce; Libertarian Party of Hawaii; Hawaii Food Industry Association; Hawaii Academy of Family Physicians; Holomua Collaborative; AlohaCare; Grassroot



Institute of Hawaii; Hawai'i Gas; aio; Title Guaranty of Hawai'i, ABC Stores; Hawai'i Food Bank; Hawaii Appleseed Center for Law & Economic Justice; The Food Basket; Chamber of Commerce Hawaii; and four individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the cost of living in the State is among the highest in the nation and that many residents struggle to afford necessities, including food and medication. Your Committee further finds that nearly all states exempt or impose a reduced tax on necessities like food and prescription drugs. Hawaii is one of only ten states in the nation that fully tax groceries and non-prescription drugs. Applying the general excise tax to groceries meaningfully increases the cost of basic necessities for Hawaii families. This measure seeks to alleviate this financial burden by phasing out essential groceries and nonprescription drugs from the tax base, which will directly reduce household food costs, particularly for low- and moderate-income residents, while reducing the tax burden on necessities more fairly.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1611, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1611, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.



Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Technology,



GREGGOR ILAGAN, Chair

HSCR 256-26

Bill/Resolution No.: H B 611	Committee Referral: ECD, JHA, FIN	Date: 2 / 11 / 86		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
ECD Members	Ayes	Ayes (WR)	Nays	Excused
1. ILAGAN, Greggor (C)	/			
2. HUSSEY, Ikaika (VC)	/			
3. HOLT, Daniel	/			
4. TAM, Adrian K.	-			
5. TEMPLO, Shirley Ann	/			
6. YAMASHITA, Kyle T.	/			
7. GEDEON, Joe	/			
TOTAL (7)	7	-	-	-
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: _____				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				