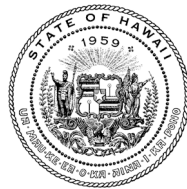


JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 1611, Relating to Taxation

BEFORE THE:

House Committee on Economic Development & Technology

DATE: Wednesday, February 11, 2026

TIME: 8:30 a.m.

LOCATION: State Capitol, Conference Room 423

Chair Ilagan, Vice-Chair Hussey, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 1611 for your consideration.

Beginning January 1, 2027, H.B. 1611 establishes a yearly reduction in the general excise tax (GET) rate on "groceries" and "nonprescription drugs" on a tiered schedule until January 1, 2034, after which, it provides a full GET exemption. Beginning January 1, 2028, it provides a GET exemption on the wholesale sale of groceries and nonprescription drugs. Beginning January 1, 2027, it prohibits the counties from imposing a county surcharge on groceries and nonprescription drugs.

To accomplish this, section 2 of H.B. 1611 amends chapter 237, Hawaii Revised Statutes (HRS), regarding Hawaii's GET law, by adding a new section that establishes the tiered GET rate on "groceries" and "nonprescription drugs." The GET rates start at 3.5%, beginning January 1, 2027, and decrease by 0.5% each year until a full exemption applies, beginning January 1, 2034.

Section 3 amends section 237-1, HRS, by adding the following new definitions:

- "Groceries" is defined as "substances, whether in liquid, concentrated,

solid, frozen, dried, or hydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value, including any food or food product for home consumption. ‘Groceries’ does not include alcoholic beverages, tobacco, and hot foods or hot food products prepared for immediate consumption.”

- “Nonprescription drugs” incorporate their definition under section 328-1, HRS, regarding the Hawai‘i Food, Drug, and Cosmetic Act, to mean “any packaged, bottled, or nonbulk chemical, drug, or medicine that may be lawfully sold without a practitioner’s order.”
- “Wholesale transaction” is defined as “a sale of groceries or nonprescription drugs for resale, including transactions between manufacturers, distributors, and retailers.”

Section 4 amends section 237-13, HRS, by adding the above definitions to the overall list of transaction types that qualify for the reduced wholesale GET rate of 0.5 per cent under existing law.

Section 5 amends section 237-8.6, HRS, by preventing the counties from imposing a surcharge on gross proceeds or gross income from the wholesale sale of groceries or nonprescription drugs.

The bill is effective July 1, 2026.

DOTAX notes that the definitions of “groceries” and “nonprescription drugs” are very broad and will be difficult to administer for the purposes of a GET exemption. For example, the definition of “nonprescription drug” is not limited to drugs, as defined under section 328-1, HRS, but also includes any “nonbulk chemical” that is packaged or bottled and that may be lawfully sold without a practitioner’s order. This could include chemicals that are not intended or used to treat disease or illness. DOTAX recommends that these definitions be amended to provide more specificity, limiting the scope of the exemption to achieve the bill’s purpose and intent.

Additionally, DOTAX recommends that the prohibition on the counties from imposing the county surcharge on groceries and nonprescription drugs in section 5 of the bill be deleted, and that language excluding groceries and nonprescription drugs be instead added to section 237-8.6(d), HRS. Section 237-8.6(d), HRS, contains a list of items excluded from the county surcharge, including gross income taxed at the 0.5 and 0.15 percent rates, and amounts exempt from GET.

Thank you for the opportunity to provide comments on this measure.



February 6, 2026

To: Chair Greggor Ilagan, Vice Chair Ikaika Hussey and the House Committee on Economic Development and Technology

Subject: **HB1611**, Relating to Removing the Taxation on Groceries and Non-Prescription Drugs

Aloha,

I am writing in support of HB1611 which would lead to a phased removal of the General Excise Tax on Groceries and Non-Prescription Drugs. Living costs in Hawai'i are among the highest in the United States. Home prices are roughly three (3) times that of the average costs on the Mainland United States. Furthermore, groceries are estimated to cost 33% more in Hawai'i than other states. Compounding the problem is that Hawai'i is among only 11 states still charging taxes on groceries. And one of only four (4) who charge the full state tax rate. (Note that Arkansas and Illinois are transitioning to 0% at the state level.) Some relief is afforded through the state refundable food/excise tax credit which provides limited relief in practice. However, many of the asset-limited, income constrained, employed (ALICE) individuals do not qualify for the benefit, and many who do qualify do not file state income tax returns. Recent assessments of food insecurity find approximately one-third (34%) of Hawai'i households with children experience food insecurity. This combination of high housing costs and high food costs, and stagnant productivity and limited opportunity (UHERO Report, February 1, 2026) have exacerbated food insecurity.

I urge this committee to pass HB1611 which will phase out the General Excise Tax on groceries and non-prescription drugs. The high costs of living for Hawai'i residents could be relieved by ending the tax on one of the basic necessities of life: food.

Mahalo,
Carlin McFadden & the Food+ Policy Team
#fixourfoodsystem

The Food+ Policy internship develops student advocates who learn work skills while increasing civic engagement to become emerging leaders. We focus on good food systems policy because we see the importance and potential of the food system in combating climate change and increasing the health, equity, and resiliency of Hawai'i communities.

In 2026, the cohort of interns are undergraduate and graduate students and young professionals working in the food system. They are a mix of traditional and nontraditional students, including parents and veterans, who have backgrounds in education, farming, public health, nutrition, and Hawaiian culture.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT &
TECHNOLOGY
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 423
WEDNESDAY, FEBRUARY 11, 2026 AT 8:30 A.M.**

To The Honorable Representative Greggor Ilagan, Chair
The Honorable Representative Ikaika Hussey, Vice Chair
Members of the Committee on Economic Development & Technology

SUPPORT HB1611 RELATING TO TAXATION

The Maui Chamber of Commerce recognizes the significant impact that the general excise tax (GET) has on both residents and businesses and have long supported bills to exempt groceries. HB1611, which phases in a reduced GET rate on groceries and nonprescription drugs, culminating in a full exemption, directly addresses a critical cost-of-living concern and aligns with our mission to support a thriving, resilient economy.

Reducing and ultimately eliminating the GET on essential goods such as groceries and nonprescription drugs will provide meaningful relief to families and individuals, especially those struggling with high living expenses. By also exempting wholesale transactions and prohibiting county surcharges on these items, the bill helps ensure that savings are passed through the supply chain, ultimately benefiting consumers at the checkout counter. This approach not only supports household budgets but also encourages consumer spending, which can stimulate local businesses and contribute to broader economic recovery.

From a business perspective, lowering the tax burden on essential goods can help stabilize demand for retailers and wholesalers, supporting job retention and local entrepreneurship. By lessening the cumulative tax load, Hawai'i becomes a more attractive place for both existing and prospective businesses, supporting our goals of economic diversification and sustainable growth.

Mahalo for the opportunity to provide testimony on HB1611 and ask that you move this bill forward.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



The Libertarian Party of Hawaii strongly supports HB1611. This bill takes meaningful steps toward reducing a regressive tax burden on everyday Hawaiians, promoting individual economic freedom, and aligning with principles of limited government and voluntary exchange.

Hawaii's GET is one of the broadest consumption taxes in the nation, applying to essentials like food and basic medicines which disproportionately affects low and middle-income families. It is outright government-sanctioned theft on the Hawaiian populations. This regressive structure hits hardest those who spend the largest share of their income on necessities. This is a major factor contributing to the crisis of food insecurities and the high cost of living in our islands. This measure's tiered reductions provide gradual, predictable relief while moving toward a complete exemption that removes government from unrightfully taxing expenses covering basic human needs.

HB1611 is a clear win for liberty:

- **Reduces Government Extraction from Productive Activity** Lowering or eliminating taxes on voluntary transactions between buyers and sellers allows individuals to keep more of their earnings and spend them as they choose. Taxation on groceries and vital medicines is inherently coercive, as people must eat and maintain health regardless of income level.
- **Promotes Economic Fairness Without Expanding the State** The GET on food acts as a hidden penalty on residents and tourists for just existing and having needs, with annual collections in the hundreds of millions. Phasing it out shifts the tax burden away from essentials and toward broader economic activity, encouraging work, savings, and entrepreneurship without creating new government programs or spending.
- **Supports Free-Market Solutions to Affordability** By reducing costs at the point of sale, HB1611 empowers consumers and small businesses to operate more efficiently. It avoids top-down mandates or subsidies, letting market forces address food insecurity naturally through lower prices, increased competition, and greater household disposable income.
- **Limits County Overreach** Prohibiting county surcharges prevents local governments from imposing their own layers of taxation on the same items. This protects residents from fragmented and regressive local policies.

HB1611 is not a complete repeal of the GET, which would absolutely be our first choice, but it does present a responsible, incremental move toward less government interference in the most fundamental aspects of daily life. We urge the Committee to advance this bill and continue the conversation on broader tax reform that minimizes coercion and maximizes individual freedom.

In Freedom,

Abbra Green | LPHI Secretary | LibertarianHawaii.com | (808)824-LPHI



1050 Bishop St. PMB 235 |
Honolulu, HI 96813
P: 808-533-1292 | e:
info@hawaiiifood.com

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Joe Carter, Coca-Cola Bottling of Hawaii, Odom, *Advisor*
Eddie Asato, Pint Size Hawaii, *Advisor*
Gary Okimoto, Safeway, *Advisor*
Maile Miyashiro, C&S Wholesale, *Immediate Past Chair*

TO: Committee on Economic Development and Technology

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, Executive Director

DATE: February 11, 2026

TIME: 8:30am

RE: HB1611 Relating to Taxation

Position: Strong Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, manufacturers and distributors of food and beverage related products in the State of Hawaii.

Chair, Vice Chair, and Members of the Committee,

Thank you for hearing this vital measure.

HFIA is in strong support of this measure to fight food insecurity, make Hawaii more affordable, help local residents, and make our tax code less regressive by exempting groceries from the General Excise Tax (GET).

The cost of living in Hawai'i is among the highest in the nation, with many residents struggling to afford basic necessities such as food and medication. According to the Hawai'i Foodbank, nearly 30 percent of households were food insecure in 2023, including 19 percent experiencing very low food security.

Unlike most states, Hawai'i continues to fully tax groceries and nonprescription drugs. Only four states — Alabama, Mississippi, South Dakota, and Hawai'i — still tax groceries



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Maile Miyashiro, C&S Wholesale, *Immediate Past Chair*

at the full general sales tax rate. Nearly all other states exempt these basic necessities or tax them at a reduced rate.

Taxes on food are regressive, because low- and middle-income families spend a larger share of their income on necessities. For example, under the USDA Thrifty Food Plan, a family of four in Hawai'i spends approximately \$1,432 per month on groceries (\$17,184 annually). At the 4.5 percent general excise tax rate, this family pays an additional \$773 each year in taxes just to feed their household.

The refundable Food/Excise Tax Credit provides little relief in practice. At the highest income bracket that qualifies (AGI \$50,000–\$60,000 for a family of four), the credit amounts to only \$100 annually. Many ALICE households — those earning up to 350% of the Federal Poverty Level (~\$111,125 for a family of four in 2024) — do not qualify at all, despite struggling with high living costs. Many low-income households also fail to file taxes, meaning they receive no credit.

Research confirms that taxing groceries worsens food insecurity. A peer-reviewed 2021 Cornell Food Policy study found that each 1% increase in grocery taxation increases food insecurity by 0.84%. With Hawai'i's 4.5% GET, this tax itself accounts for an estimated 3.78 percentage-point increase in food insecurity.

Other states have demonstrated that removing grocery taxes improves affordability and stimulates local economies. Kansas enacted a phased grocery tax repeal in 2022. Georgia's permanent grocery tax repeal in the 1990s continues to generate over \$1.45 billion in annual economic output and supporting economic activity and jobs

USDA's Food Expenditure Series shows that "food-at-home" (FAH) spending in Hawai'i, when multiplied by the population, matches closely with Thrifty Food Plan × population estimates, indicating that nearly all grocery purchases are by resident households, not tourists. Tourists spend the vast majority of their food dollars on "food-away-from-home" (restaurants, hotels). Thus, this exemption directly helps Hawai'i families — primarily low- and middle-income — rather than visitors.

Tourist spending on restaurant food can also be clearly seen in this chart from the USDA Food Expenditure Series. It shows how much higher Hawai'i's spending is on food



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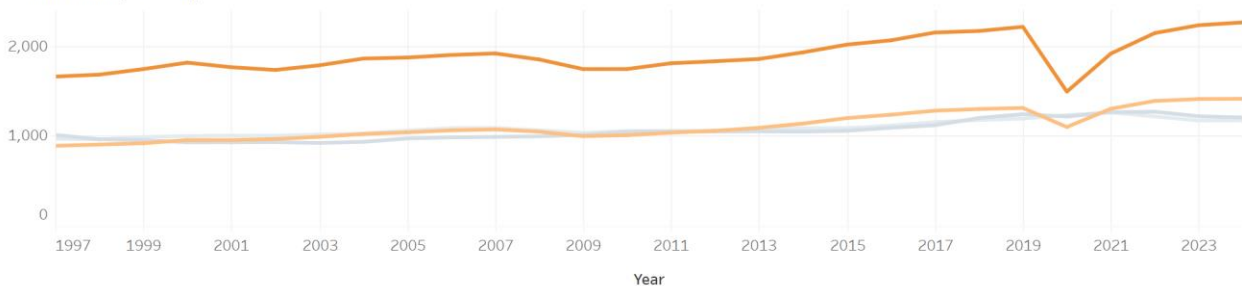
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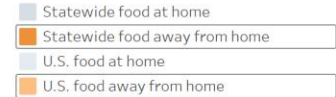
away from home compared to the national average, and how it dramatically decreased in 2020 with the visitor shut down.

Per capita food sales in Hawaii compared to the national average

Constant dollars (1988=100)



Note: Estimates are in nominal and constant dollars, as noted, and include taxes and tips. These estimates are for sales only and exclude food furnished, donated, and home produced. The base year for the constant dollar series is 1988=100 using the appropriate U.S. Department of Labor, Bureau of Labor Statistics' (BLS) Regional Consumer Price Index for food at home and food away from home. "Near U.S. average" is defined as within 10 percent of the national per capita spending for the selected outlet and year. Data are as of September 2025 and are subject to revision. Source: USDA, Economic Research Service, Food Expenditure Series.



Applying the State portion of GET's 4% retail rate to the 2024 food-at-home total without taxes (\$4.6B) shows the exemption would cost approximately \$183,880 million annually. The figure may end up lower because a lot of food-at-home is not SNAP eligible as the bill would require. This is lower than DOTAX's 2022 projection of \$268 million/year for exempting groceries.

Eliminating the GET on groceries and nonprescription drugs is fiscally responsible when phased in beginning January 1, 2027 (with no rate change during calendar year 2026).

In short, passing this measure is the right choice for our state; it will benefit all Hawaii residents, and provide the greatest relief to those who need it most, and it is financially feasible for our state budget.

We strongly encourage the Committee to pass this measure and we thank you for the opportunity to testify.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Reduce Rate on Groceries and Nonprescription Drugs

BILL NUMBER: HB 1611

INTRODUCED BY: ILAGAN, AMATO, GRANDINETTI, HUSSEY, KEOHOKAPU-LEE LOY, KILA, MATAYOSHI, MATSUMOTO, MIYAKE, MORIKAWA, MURAOKA, OLDS, SHIMIZU, TAM, TARNAS

EXECUTIVE SUMMARY: Beginning 1/1/2027, establishes a yearly reduction in the general excise tax rate on groceries and nonprescription drugs on a tiered schedule, until 1/1/2034 and thereafter, when a full general excise tax exemption applies. Beginning 1/1/2028, provides a general excise tax exemption on the wholesale sale of groceries and nonprescription drugs. Beginning 1/1/2027, prohibits the counties from imposing a county surcharge on groceries and nonprescription drugs.

SYNOPSIS: Adds a new section to chapter 237, HRS, to phase out the GET rate on groceries and nonprescription drugs by 0.5% per year beginning January 1, 2027, and ending with a full exemption beginning January 1, 2034. Does not apply to a wholesaler under section 237-13(2)(A), HRS.

Amends section 237-1, HRS, by adding definitions:

"Groceries" 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, including any food or food product for home consumption.

"Groceries" does not include alcoholic beverages, tobacco, and hot foods or hot food products prepared for immediate consumption.

"Nonprescription drug" has the same meaning as in section 328-1.

"Wholesale transaction" means a sale of groceries or nonprescription drugs for resale, including transactions between manufacturers, distributors, and retailers."

Amends section 237-8.6, HRS, to exempt such sales from county surcharge beginning January 1, 2027.

Makes a conforming amendment to section 237-13(2)(A), HRS.

EFFECTIVE DATE: July 1, 2026.

STAFF COMMENTS: This bill is intended to address the high cost of living in Hawaii by proposing an exemption from the general excise tax on products consumed in Hawaii on a daily basis.

As a technical matter, we suggest that the county surcharge exemption be put in section 237-8.6(d), which contains the surcharge exemptions.

We also think it strange that, when fully phased in, the retail sale of nonprescription drugs and groceries will not be taxed but wholesale sales would be taxed. That inversion would create an incentive for manufacturers and distributors of such products to get rid of resale documentation, complicating enforcement.

Digested: 2/7/2026

HB-1611

Submitted on: 2/9/2026 10:04:19 AM

Testimony for ECD on 2/11/2026 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Robert Thomas Carlisle, MD, MPH	Hawaii Academy of Family Physicians (HAFP)	Support	Written Testimony Only

Comments:

COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

Rep. Greggor Ilagan, Chair

Rep. Ikaika Hussey, Vice Chair

Date: February 9, 2026

From: Hawai'i Academy of Family Physicians Legislative Committee (HAFP)

RE: HB 1611; Yearly reduction in GET on groceries and nonprescription drugs**Position: Support**

Thank you for allowing testimony on HB 1611. The Hawai'i Academy of Family Physicians Legislative Committee (HAFP) recognizes that access to quality nutrition is fundamental to the health and well-being of the people of Hawai'i. In the face of significant federal headwinds for nutritional support, for those among us who are income constrained risk food insecurity and adverse outcomes, ensuring affordable nutrition helps prevent avoidable illnesses and affirms our shared commitment to the health of Hawaii. As such, HAFP strongly endorses and supports the elimination of the General Excise Tax (GET) on groceries.

Please note that this is not with the intention to repeal the beverage tax or remove financial disincentives to the purchase of sugary drinks.

Thank you for allowing testimony on this bill that would help assure the basic health needs of the people of Hawai'i.

Robert Carlisle, MD, MPH
Chair, Legislative Committee

Hawaii Academy of Family Physicians (HAFP)

advocacy@hafp.info



OUR MISSION

To support and advance public policies that make Hawai'i affordable for all working families.

OUR VISION

Collaborative, sustainable, and evidence-based public policies that create a diverse and sustainable Hawai'i economy, an abundance of quality job opportunities, and a future where all working families living in Hawai'i can thrive.

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HolomuaCollaborative.org

Committee: House Committee on Economic Development and Technology
Bill Number: HB 1611, Relating to Taxation
Hearing Date and Time: February 11, 2026 at 8:30am (Room 423)
Re: Testimony of Holomua Collaborative- Support

Aloha Chair Ilagan, Vice Chair Hussey, and Committee Members:

The purpose of HB 1611 is to provide financial support to local families by gradually reducing the general excise tax rate on groceries and nonprescription drugs on a tiered schedule. This would continue until January 1, 2034, when a full general excise tax exemption would apply.

Holomua Collaborative's mission is to support public policies that make Hawai'i affordable for all working families. For too long, the regressive nature of taxing basic necessities like food and over-the-counter medication has placed an undue burden on local residents. This is particularly true for those who are already struggling to survive in a state with one of the highest costs of living in the nation.

The findings from the Holomua Collective 2025 Affordability Survey reinforce this struggle.¹ This survey of 3,200 local workers, paints a stark picture of a worsening cost-of-living crisis. A staggering 75% of respondents indicated they will, or are unsure if they will, relocate to a less expensive state in the coming years, an increase from 70% just one year ago. This "exodus" is driven by a landscape where:

- 42% of residents find it "very difficult" to save money from their paychecks, up from 34% in 2024;
- 37% of respondents worry "frequently" or "almost all the time" about being unable to pay their monthly bills; and
- Taxes and the cost of food filled the third most significant factor impacting the cost of living in 2025 and 2024 respectively, after housing and wages.

HB 1611 correctly identifies that grocery taxes are regressive, as low- and middle-income families spend a larger portion of their income on these necessities. While visitors to Hawai'i spend the majority of their food dollars at restaurants and hotels, nearly all grocery purchases are made by resident households. The testimony from local residents in the survey highlights the desperate measures families are taking to stretch their dollars:

¹ 2025 Hawai'i Affordability Survey. <https://holomuacollective.org/survey-25/>

- Residents report skipping meals or eating canned food to ensure their children have fresh vegetables.
- Families are utilizing credit cards for basic groceries, digging themselves into “depressing” debt just to eat.
- Even middle income earners (households making over \$100,000) report living paycheck to paycheck, stating they can “barely afford food” and do not qualify for state assistance.

We are one of only four states left in the country, alongside Alabama, Mississippi, and South Dakota, that still taxes groceries and nonprescription drugs with the full general sales tax rate. While almost every other state has figured out that taxing rice, milk, and aspirin is hurting our families, Hawai‘i continues to treat these necessities like discretionary spending.

This setup is fundamentally regressive because the less money a family makes, the larger the percentage of their paycheck goes toward just staying fed and medicated. To put it in perspective, a typical family of four here spending around \$1,400 a month on groceries ends up paying over \$700 a year just in taxes on their food. For a household already struggling with the cost of living, that is a massive annual hit for an essential human need.

By exempting essential groceries and nonprescription drugs, this legislature can provide direct, tangible relief to the 14% of residents who currently skip or reduce paying bills to cover other essential expenses. It is an investment in the hope that our working families can stay.

We respectfully urge the committee to pass HB 1611 to help reduce the financial strain on Hawai‘i's workforce and protect our local communities.

Sincerely,

Matthew Prellberg
Policy and Communications Director



To: The Honorable Greggor Ilagan, Chair
The Honorable Ikaika Hussey, Vice Chair
House Committee on Economic Development & Technology

From: Paula Arcena, External Affairs Vice President
Mike Nguyen, Director of Public Policy
Maria Rallojay, Public Policy Specialist

Hearing: Wednesday, February 11, 2026, 8:30am, Conference Room 423

RE: **HB1611 Relating to Taxation**

AlohaCare appreciates the opportunity to provide testimony in **support of HB1611**. This measure would (1) establish a yearly reduction in the general excise tax rate on groceries and nonprescription drugs on a tiered schedule, until 1/1/2034 and thereafter, when a full general excise tax exemption begins 1/1/2027; (2) provide a general excise tax exemption on the wholesale sale of groceries and nonprescription drugs beginning 1/1/2028; and (3) prohibit the counties from imposing a county surcharge on groceries and nonprescription drugs beginning 1/1/2027.

AlohaCare is a community-rooted, non-profit health plan founded by Hawai'i's Community Health Centers and the Queen Emma Clinics. We serve over 66,000 Medicaid and Medicaid-Medicare dual-eligible residents on all islands. Since 1994, AlohaCare has partnered with providers, government entities, and community-based organizations to meet the evolving needs of our safety net community as Hawai'i's only health plan focused solely on Medicaid-eligible individuals. Our mission is to serve individuals and communities in the true spirit of aloha by ensuring and advocating for equitable access to quality, whole-person care for all.

AlohaCare is committed to whole-person care by addressing key social determinants of health like housing, economic stability, and nutrition. Affordability is a healthcare issue. Hawai'i's cost of living is among the highest in the country, and many families are struggling to afford their basic needs like food and medication. When households have less money after paying for their basic essentials, they are more likely to delay care, skip recommended follow-up visits, or face difficult choices between food, over-the-counter medications, and other health-related expenses. Stable access to nutritious food is also important in managing chronic conditions that are prevalent in our communities and sensitive to diet. As such, AlohaCare supports this measure in making everyday necessities more affordable by reducing financial barriers that directly affect whether families can stay healthy.

Mahalo for this opportunity to testify in **support of HB1611**.

Feb. 11, 2026, 8:30 a.m.
Hawaii State Capitol
Conference Room 423 and Videoconference

To: House Committee on Economic Development & Technology
Rep. Greggor Ilagan, Chair
Rep. Ikaika Hussey, Vice Chair

From: Grassroot Institute of Hawaii
Ted Kefalas, Director of Strategic Campaigns

TESTIMONY IN SUPPORT OF HB1611 — RELATING TO TAXATION

Aloha chair, vice chair and other committee members,

The Grassroot Institute of Hawaii **supports** [HB1611](#), which would gradually phase out the state general excise tax rate for groceries and non-prescription medications by 2034.

This is a practical way to address Hawaii's high cost of living. Research shows that taxes on groceries contribute to less spending on meals at home¹ and higher food insecurity,² so exempting groceries would help make Hawaii more affordable for struggling residents.

Additionally, the state's GET is regressive, so it hits low- and middle-income individuals and families the hardest. .

This proposal also has the potential to grow the economy. In Georgia, for example, the state auditor estimated that Georgia's sales tax exemption for groceries created more than 5,000 jobs and an additional \$807 million in economic output.³

¹ Diansheng Dong and Hayden Stewart, "[Food Taxes and Their Impacts on Food Spending](#)," U.S. Department of Agriculture, Economic Research Service, September 2021, p. 7.

² Jianqiang Zhao, "[Putting Grocery Food Taxes on the Table: Evidence for Food Security Policy-Makers](#)," Master's thesis, Cornell University, August 2020, p. iii.

³ "[Tax Incentive Evaluation: Grocery Sales Tax Exemption](#)," Georgia Department of Audits and Accounts, Dec. 13, 2022.

During the 2025 legislative session, the Hawaii Department of Taxation submitted testimony on a similar proposal that estimated a GET exemption for groceries could have saved taxpayers \$239.5 million in fiscal 2026.⁴

Regarding nonprescription medications and medical equipment and supplies, a GET exemption for these products would simply be in keeping with the logic behind the state's existing exemption for prescription drugs and prosthetics.⁵

If this bill is enacted, nonprescription medicines such as Tylenol and Advil would also cost less, making it easier for many individuals suffering from everyday health conditions to find relief and save money. DOTAX estimated in its 2025 testimony that exempting nonprescription medicines could have returned \$19.4 million to taxpayers in fiscal 2026.

The best thing lawmakers could do to lower the cost of living for Hawaii residents is focus on reducing taxes – and keeping them low. This bill could make a real and immediate difference for the many residents of Hawaii who count every penny and live paycheck to paycheck.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

⁴ Gary Suganuma, "[Testimony on S.B. No. 1043, S.D. 1, Relating to Taxation](#)," Hawaii Department of Taxation, Feb. 27, 2025, p. 2.

⁵ "[Hawaii General Excise & Use Tax Exemptions: Tax Year 2021](#)," Hawaii Department of Taxation, Nov. 2022, p. 6.



**Testimony to
House Committee on Economic Development & Technology
February 11, 2026
8:30am
Conference Room 423 & VIA videoconference
Hawai'i State Capitol
HB 1611**

Aloha Chair Ilagan, Vice Chair Hussey, and members of the Committee,

We write in support of HB 1611, which, beginning 1/1/2027, establishes a yearly reduction in the general excise tax rate on groceries and nonprescription drugs on a tiered schedule, until 1/1/2034 and thereafter, when a full general excise tax exemption applies. Beginning 1/1/2028, provides a general excise tax exemption on the wholesale sale of groceries and nonprescription drugs. Beginning 1/1/2027, prohibits the counties from imposing a county surcharge on groceries and nonprescription drugs.

Established in 1904, Hawai'i Gas serves over 70,000 customers on all islands through its utility pipeline infrastructure and propane business. Our customers depend on us for safe, reliable, and affordable gas for water heating, cooking, drying, and a wide range of residential, commercial, and industrial uses. The company employs approximately 350 professionals across the islands, more than 75 percent of whom are covered by collective bargaining agreements.

The stability of our local workforce is directly tied to local families' ability to afford daily life in Hawai'i. While housing costs remain a major concern, rising prices for basic necessities such as groceries and over-the-counter medications place additional strain on household budgets and make it harder for essential workers to remain in the state. The company relies on a dedicated workforce of technicians, and support staff to ensure that the energy services we provide are safe and dependable. When families struggle to cover everyday expenses, workforce retention becomes increasingly difficult for employers across critical infrastructure.

HB 1611 offers a phased approach by the state and county to cost-of-living relief. This approach helps stabilize household finances and supports the long-term retention of the Island's most vulnerable.

HB 1611 is an investment in Hawai'i's workforce and the economically disadvantaged. We respectfully urge your support of HB 1611.

Thank you for the opportunity to testify.



Testimony in Support of HB 1611, Relating to Taxation

Aloha Chair Ilagan, Vice Chair Hussey, and members of the Committee,

We write in strong support of HB 1611, which reduces and ultimately eliminates the general excise tax on groceries and nonprescription drugs to help address Hawai'i's high cost of living.

aio is a locally owned company with holdings across a broad range of industries. Our companies are purpose-driven and firmly rooted in local values. At aio, Hawai'i is at our core, and through our products, services, and investments, we work to strengthen local communities and improve the quality of life for future generations.

Hawai'i continues to face significant affordability challenges, and rising costs of essential goods are placing increasing pressure on working families. Our employees are our greatest asset, yet taxes on essentials such as groceries and over-the-counter medicine make it harder for them to remain financially stable, save for the future, and continue building their lives in Hawai'i. This bill will help to lower costs throughout the supply chain and ensure relief reaches households.

Mahalo for the opportunity to submit testimony in support of HB 1611.

A handwritten signature in dark ink, reading 'Brandon H. Kurisu'.

Brandon Kurisu
aio Family of Companies





TITLE GUARANTY
HAWAII

February 11, 2026

Testimony in support of HB 1611, Relating to Taxation

Aloha Chair Ilagan, Vice Chair Hussey, and Members of the Committee,

We write in support of HB 1611, which reduces and ultimately eliminates the general excise tax on groceries and nonprescription drugs to help address Hawai'i's high cost of living.

Title Guaranty of Hawai'i is the oldest and largest title company in the state. We have been owned and operated by a kama'āina family since 1896, and we are proud to employ over 250 residents across our branches statewide. As an organization that has worked for over a century to help families achieve stability through homeownership, we know how severely basic household costs, especially food and medicine, strain budgets and make it harder for local working families to stay in and survive in Hawai'i.

Hawai'i is currently in a very small group of only four states that still fully tax groceries at the full general excise tax rate. While nearly all other states recognize that food and medicine are basic necessities rather than luxury goods, our residents are still forced to pay a premium just to feed their households. These taxes are inherently regressive because low- and middle-income families spend a much larger share of their income on necessities. This is money that should be going toward a mortgage, an emergency fund, or a child's education.

HB 1611 is a practical solution to reduce the cost of basic necessities for local households. By easing everyday expenses, this measure can also support longer-term housing stability for residents working to remain in Hawai'i. Title Guaranty respectfully supports on HB 1611.

Sincerely,

Mike B. Pietsch
President and Chief Operating Officer
Title Guaranty of Hawai'i



Title and Escrow is our business. Hawaii is our home.





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February 10, 2026

Chair Greggor Ilagan
Vice Chair Ikaika Hussey
House Committee Members on Economic Development & Technology

Re: TESTIMONY IN SUPPORT OF HB1611
RELATING TO TAXATION

Aloha Chair Ilagan, Vice Chair Hussey, and Members of the Committee,

My name is John Mark Mageo, and I am the Employee Relations & Government Affairs Manager for ABC Stores. We respectfully submit this testimony in strong **support of HB1611**, which establishes a phased reduction of the General Excise Tax (GET) on groceries beginning in 2027, with a clear path toward full exemption.

Groceries are a basic necessity, and Hawai'i's continued taxation of food places a disproportionate burden on local families, seniors, and working households. HB1611 takes a measured and fiscally responsible approach by providing gradual relief while allowing the State and counties time to plan for long-term impacts.

As a retailer serving communities statewide, ABC Stores sees firsthand how rising food costs affect both our customers and our employees. Reducing the GET on groceries will help ease cost-of-living pressures at the point of purchase and bring Hawai'i more in line with the vast majority of other states.

For these reasons, ABC Stores respectfully urges the Committee to advance HB1611. Thank you for the opportunity to submit this testimony.

Mahalo,

John Mark Mageo

Employee Relations & Government Affairs Manager
ABC Stores



February 11, 2026

Subject: Hawai'i Foodbank in Support of HB 1611

Aloha Chair Ilagan, Vice Chair Hussey, and members of the committee,

On behalf of Hawai'i Foodbank, I express our support for HB 1611, Relating to Taxation. This bill would reduce the general excise tax on groceries and non-prescription drugs on a tiered schedule, eventually eliminating the general excise tax on these items.

Food insecurity is a growing crisis in Hawai'i, with one in three households—including families with children—struggling to access adequate food. One in five households have individuals who are skipping meals or going whole days without eating on a regular basis. In addition, an estimated 45% of Hawai'i's families are at the ALICE (asset-limited, income-constrained, employed) threshold or below—and nearly half of those below the ALICE threshold face food insecurity.

Taxing the sale of groceries disproportionately impacts our food insecure families, affecting not only the amount of food that these families can afford, but also the quality and diversity of their food choices. Food insecurity is inextricably linked to health, and food insecure individuals face higher rates of chronic disease, increased hospitalizations, and greater overall health care costs. Eliminating the general excise tax on groceries would allow our food insecure neighbors to afford more nutritious food each time they visit the grocery store. It would have a significant, positive impact on food insecurity rates and the health and well-being of our community.

For over 40 years, Hawai'i Foodbank has provided daily and emergency assistance to those facing food insecurity in Hawai'i, distributing food to families and individuals on O'ahu and Kaua'i through direct service programs as well as through our network of 266 agency partners and pantries. Last year, we served an average of over 160,000 people each month and distributed more than 22 million pounds of nutritious food, including more than 7.1 million pounds of fresh produce. In addition to addressing daily needs, our organization mobilizes during emergencies to provide immediate relief and aid long-term recovery efforts.

At Hawai'i Foodbank, we have seen first-hand the challenges that our food-insecure neighbors face on a daily basis, trying to put food on the table for their families and ensure their keiki and kūpuna have enough healthy food to eat. Reducing the amount of money families must spend to purchase healthy, adequate food is a critical step in the fight against hunger and we urge you to consider this important measure.

With aloha,

Amy Miller
President and CEO, Hawai'i Foodbank



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai‘i Appleseed Center for Law and Economic Justice
Support for HB 1611 – Relating to Taxation
House Committee on Economic Development & Technology
Wednesday, February 11, 2026 at 8:30AM

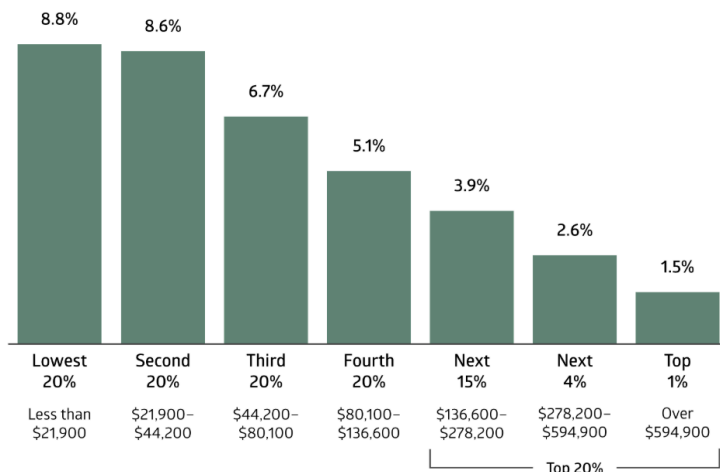
Dear Chair Iligan, Vice Chair Hussey, and members of the Committee:

Thank you for the opportunity to submit testimony in support for **HB 1611**, which would establish a yearly reduction in the general excise tax (GET) rate on groceries and nonprescription drugs on a tiered schedule until 2034, while also starting the GET exemption on wholesale in 2028.

We appreciate the intent behind this bill to reduce the cost of groceries and to address this regressive tax which places a disproportionate burden on low- and moderate-income families. Groceries are taxed under the GET at each stage of the supply chain, which contributes to higher overall food costs and makes this regressive tax harder on households with the least disposable income. In Hawai‘i where a family of 4 needs roughly \$110,000 annually to meet basic needs, it is critical these changes reduce the burden low-income households who are least able to absorb the state’s high cost of living.

Hawai‘i is one of only seven states that taxes groceries. The GET and sales taxes in general are widely regarded as regressive and unfair to low-income families. In Hawai‘i, the bottom fifth of households spend nearly 9 percent of their annual income on the GET, compared with the top fifth of households that spend less than 4 percent.¹

Figure 1. Share of Family Income Required to Pay GET by Income Quintile, Hawai‘i (2024)



Hawai‘i’s heavy reliance on GET revenue is part of a larger systemic issue with our tax system that places a disproportionate burden on Hawai‘i’s lowest income residents. Total GET currently comprises nearly half of general fund receipts, with GET from grocery and nonprescription drugs contributing an

¹ Institute for Tax and Economic Policy, *Who Pays? 7th Edition*. 2024.

estimated \$250 million per year.² This bill eliminates the general excise tax on wholesale sales beginning in January 2028, resulting in an ongoing loss of state revenue that would need to be addressed. Because the state must continue to fund essential services that households rely on—including health care, education, and safety net programs—any proposal to reduce or eliminate this revenue should be paired with a credible plan to offset the loss.

Should the state decide to proceed with this proposal, we highly recommend doing so in tandem with a proposal to fill the estimated \$250 million budget hole using progressive taxation options, such as taxing wealth at the same rate as earned income, closing the Real Estate Investment Tax loophole, taxing the sale of luxury homes, and most importantly, freezing the tax cuts passed in 2024. This last proposal alone would generate more than \$296 million per year—enough to make up for the loss of GET revenue on groceries and nonprescription drugs.³

Thank you for considering these comments in your deliberation of HB 1611.

² Sukanuma, Gary, *Testimony on S.B. No. 1043, S.D. 1, Relating to Taxation*, Hawaii Department of Taxation, February 27 2025, p. 1-2.

https://www.capitol.hawaii.gov/sessions/session2025/Testimony/SB1043_SD1_TESTIMONY_WAM_02-27-25_.PDF

³ Hawai‘i Tax Fairness Coalition, “Revenue Options,” Hawai‘i Tax Fairness Coalition, 2026.

<https://www.hitaxfairness.org/wealth-taxes>



THE FOOD BASKET HAWAI'I ISLAND'S FOOD BANK

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

TO:

Chair, Representative Greggor Illagan
Vice Chair, Representative Ikaika Hussey
Members of the Economic Development and Technology Committee
Hawai'i State Legislature

RE: *Support for House Bill 1611 Relating to Taxation — Exemption of Groceries and Nonprescription Drugs from the General Excise Tax*

Aloha Chair, Vice Chair, and Members of the Committee,

Mahalo for the opportunity to submit testimony in **strong support** of this measure. My name is Kristin Frost Albrecht, and I serve as the Executive Director of The Food Basket, Hawai'i Island's Food Bank. Every day, we witness the profound strain that Hawai'i Island families experience as they work to meet basic needs in one of the most expensive food environments in the nation.

According to the 2024–2025 State of Food Insecurity in Hawai'i report, food insecurity remains at crisis levels, with 32% of households statewide experiencing food insecurity and 21% facing very low food security, meaning household members skipped meals or went hungry due to cost barriers. The consequences for families with children are especially severe: 34% of households with children experienced food insecurity, up from 29% the previous year, and nearly 1 in 5 children lived in homes where they did not have enough food.

Hawai'i County faces the highest food insecurity rate in the entire state at 43%, far exceeding levels in Honolulu and Kaua'i Counties and second only to Maui County's fire-impacted increase. These findings mirror what we see daily across our network. Last year, The Food Basket distributed more than 3.5 million pounds of food, with demand increasing across nearly every district on the island.

For Hawai'i Island households — especially those in rural communities such as Ka'ū, Puna, North Kohala, and Hāmākua — the economic pressures are uniquely intense. Limited retail options, long travel distances, and higher transportation costs already make groceries significantly more expensive. When the General Excise Tax (GET) is added to essential items, families pay a premium simply because of where they live.

The Hawai'i Food Bank Hui's 2024–2025 report underscores this reality. It highlights that persistent structural challenges, including, geographic isolation, high transportation costs, limited access to affordable retailers, and the cost of imported goods — all make

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THE FOOD BASKET

HAWAI'I ISLAND'S FOOD BANK

nutritious food harder to access, particularly in rural communities like those across Hawai'i Island. These systemic barriers compound the burden of the GET, which applies to every grocery purchase, every week, for every family.

Exempting groceries and nonprescription drugs from the GET would have an immediate, positive impact on Hawai'i Island residents:

- 43% of Hawai'i County households are food insecure — the highest level in the state — meaning relief is most urgently needed here.
- Families with children are disproportionately affected, with adults often skipping meals to ensure their kids can eat.
- Rural residents already pay more due to distance and limited store access; eliminating the GET reduces that structural inequity.
- This measure complements programs like DA BUX Double Up Food Bucks, which help families afford local produce, by lowering the baseline cost of all essential foods.

Removing the GET from groceries is one of the most effective and immediate steps the Legislature can take to reduce household pressure and improve food access. While no single policy will solve food insecurity, this bill will provide meaningful, broad-based relief that reaches the very families our report identifies as most at risk.

Mahalo for your commitment to addressing one of the most pressing issues facing Hawai'i's families. We respectfully urge you to pass this measure.

With aloha,

Kristin Frost Albrecht
Executive Director
The Food Basket Inc., Hawai'i Island's Food Bank

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Testimony to the House Committee on Economic Development & Technology (ECD)

**Representative Greggor Ilagan, Chair
Representative Ikaika Hussey, Vice Chair**

**Wednesday, February 11, 2026, at 8:30AM
Conference Room 325 & Videoconference**

RE: HB1611 Relating to Taxation

Aloha e Chair Ilagan, Vice Chair Hussey, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber supports House Bill 1611 (HB1611), which establishes a tiered schedule to for the exemption of the general excise tax rate on groceries and nonprescription drugs.

HB1611 aligns with our 2030 Blueprint for Hawaii: An Economic Action Plan, specifically under the policy pillar for Economic Action. With only four states in the nation taxing groceries and nonprescription drugs, this bill helps Hawaii meet a national standard that increases the purchasing power of resident at the grocery store in a state where the high cost of food is one of the most significant factors contributing towards poor quality of life. Increasing purchasing power for Hawaii's residents mean that less households go hungry. With 32% of Hawaii's households experiencing food insecurity, this bill could contribute significantly to reducing food insecurity in Hawaii.

The bill's tiered reduction schedule beginning in 2027 gradually reduces tax rates on groceries and nonprescription drugs, culminating in a full exemption by 2034. As such, this bill provides a runway that would allow the Legislature to smoothly transition into GET exemption for these goods, while exploring new options for tax revenue generation. While changes to the general fund naturally create concern, the economic benefit of these exemptions cannot be understated. Consider the DA BUX program, which doubles the purchasing power of SNAP recipients for local produce. This program generates an impressive 2.3x economic multiplier. While these tax exemptions and DA BUX are far different, it is clear evidence that increasing the purchasing power of consumers at the grocery store yields positive economic return. HB1611 is a tax exemption, but it is also as an investment into the economy

We respectfully ask to pass House Bill 1611. Thank you for the opportunity to testify.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.

HB-1611

Submitted on: 2/9/2026 8:53:16 AM

Testimony for ECD on 2/11/2026 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Emma Waters	Individual	Support	Written Testimony Only

Comments:

Writing in strong support. The cost of living, and groceries in particular, is so high here in our dear Hawaii nei. Please pass this important bill. Mahalo.

HB-1611

Submitted on: 2/9/2026 10:45:38 AM

Testimony for ECD on 2/11/2026 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
lynne matusow	Individual	Support	Written Testimony Only

Comments:

It's about time. Due to the regressiveness of this tax groceries and nonprescription drugs should never have been taxed. While I favor immediate removal of this tax, I will take whatever I can get. Many states do not tax these items and Hawaii needs to join that group.

Please move this bill forward.

Lynne Matusow

HB-1611

Submitted on: 2/9/2026 3:03:14 PM

Testimony for ECD on 2/11/2026 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

STRONG SUPPORT

HB-1611

Submitted on: 2/9/2026 3:57:09 PM

Testimony for ECD on 2/11/2026 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Nicholas Zehr	Individual	Support	Written Testimony Only

Comments:

Chair, Vice Chair, and Members of the Committee:

I strongly support HB1611 because it delivers targeted, evidence-based relief to households struggling with Hawai‘i’s cost of living, while doing so in a fiscally responsible and administrable way.

Taxes on groceries and nonprescription drugs are among the most regressive taxes a state can impose. Families must purchase food and basic medicine regardless of income, and lower- and middle-income households spend a larger share of their earnings on these necessities. As the findings note, Hawai‘i’s refundable food/excise tax credit provides limited relief, excludes many ALICE households, and fails to reach residents who do not file income tax returns. HB1611 corrects these shortcomings by reducing prices at the point of sale, where relief is immediate and universal.

The bill is also grounded in data. Research linking grocery taxes to higher food insecurity underscores that this tax is not merely a revenue tool, but a policy choice with real human consequences. Phasing out the general excise tax on groceries and nonprescription drugs directly addresses food hardship without expanding bureaucracy or creating new eligibility determinations.

HB1611 is fiscally prudent. The gradual, tiered reduction gives the State and counties ample time to plan, adjust, and prioritize spending. The wholesale exemption and county surcharge prohibition prevent tax pyramiding and ensure that savings flow through the supply chain to consumers, rather than being absorbed by compliance costs.

Finally, this measure improves tax fairness and economic efficiency. Most grocery purchases are made by residents, not visitors, so exempting groceries ensures that essential household consumption is not taxed at the same rate as discretionary spending. This aligns Hawai‘i with the overwhelming majority of states and modernizes an outdated aspect of our tax code.

For these reasons, HB1611 represents a thoughtful, compassionate, and responsible approach to easing the cost of living while maintaining long-term fiscal stability. I respectfully urge your support.