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



1 The legislature recognizes that the State levies a general
2 excise tax on businesses, rather than a state sales tax on
3 consumers.

4 The purpose of this Act is to authorize a state general
5 excise tax holiday for school supplies sold in the State prior
6 to the start of the school year, on the condition that
7 businesses pass the savings on to consumers.

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

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



1 (b) The exemption provided in this section shall not apply
2 to:

3 (1) Rebates, layaway sales, rain checks, or exchanges when
4 the transactions occur before or after the tax holiday
5 period as described in subsection (a);

6 (2) The rental of goods and services;

7 (3) The resale of items; and

8 (4) Taxable services performed on retail items.

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

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

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

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



1 type of item sold, the date the item was sold, and the sales
2 price of the item.

3 (g) For purposes of this section:

4 "Bag" includes but is not limited to handbags, backpacks,
5 fanny packs, and tote bags. "Bag" does not include briefcases,
6 suitcases, and other garment bags.

7 "Clothing" means any article of wearing apparel, including
8 footwear, intended to be worn on or about the human body.

9 "Clothing" includes but is not 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. "Clothing" does not
13 include watches, watchbands, jewelry, handkerchiefs, umbrellas,
14 scarves, ties, headbands, or belt buckles.

15 "School supply" includes but is not limited to binders,
16 book bags, calculators, cellophane tape, blackboard chalk,
17 compasses, composition books, crayons, erasers, expandable
18 folders, pocket folders, plastic folders, manila folders, glue,
19 paste, paste sticks, highlighters, index cards, index card
20 boxes, legal pads, lunch boxes, markers, notebooks, loose leaf
21 ruled notebook paper, copy paper, graph paper, tracing paper,



1 manila paper, colored paper, poster board, construction paper,
2 pencil boxes and other school supply boxes, pencil sharpeners,
3 pencils, pens, protractors, rulers, scissors, correction tape,
4 flash drives, and writing tablets."

5 SECTION 3. New statutory material is underscored.

6 SECTION 4. This Act shall take effect on July 1, 3000.



Report Title:

General Excise Tax; Tax Holiday; School Supplies

Description:

Establishes a general excise tax holiday on school supplies.
Requires businesses to pass the savings from the general excise
tax holiday to consumers. Effective 7/1/3000. (HD1)

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