

JAN 23 2026

A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAX EXEMPTIONS.

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

1 SECTION 1. The purpose of this Act is to establish general
2 excise tax exemptions for the gross proceeds or income from the
3 sale of:

4 (1) Groceries that are eligible under the federal
5 Supplemental Nutrition Assistance Program (SNAP),
6 regardless of the means of purchase or the SNAP
7 eligibility of the purchaser; and

8 (2) Nonprescription drugs.

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

12 "§237- Supplemental Nutrition Assistance Program
13 eligible groceries exemption. (a) There shall be exempted
14 from, and excluded from the measure of, the taxes imposed by
15 this chapter all of the gross proceeds or income arising from
16 the sale of groceries eligible under the federal Supplemental
17 Nutrition Assistance Program.



1 (b) As used in this section:

2 "Food" or "food product" means substances, whether in
3 liquid, concentrated, solid, frozen, dried, or dehydrated form,
4 that are sold for ingestion or chewing by humans and are
5 consumed for their taste or nutritional value. "Food" or "food
6 product" does not include food or food ingredients sold from a
7 vending machine, whether cold or hot; alcoholic beverages;
8 dietary supplements; prepared food; soft drinks; or tobacco.

9 "Groceries" means any food or food product for home
10 consumption. The term "groceries" may be further defined by the
11 department by rule through the enumeration of items in rules or
12 tax informational releases; provided that the department shall
13 consult with the federal Food and Nutrition Service of the
14 United States Department of Agriculture in further defining the
15 term "groceries" for purposes of the Supplemental Nutrition
16 Assistance Program.

17 "Soft drinks" means non-alcoholic beverages that contain
18 natural or artificial sweeteners. "Soft drinks" does not
19 include beverages that contain:

20 (1) Milk or milk products;

21 (2) Soy, rice, or similar milk substitutes; or



1 (3) Greater than fifty per cent vegetable or fruit juice
2 by volume.

3 §237- Exemption for nonprescription drugs. (a) There
4 shall be exempted from, and excluded from the measure of, the
5 taxes imposed by this chapter all of the gross proceeds or
6 income received from the sale of nonprescription drugs.

7 (b) As used in this section:

8 "Drug" means:

9 (1) Articles recognized in the official United States
10 Pharmacopoeia, official United States Pharmacopoeia
11 Dispensing Information, official Homeopathic
12 Pharmacopoeia of the United States, or official
13 National Formulary, or any supplement to any of them;

14 (2) Articles intended for use in the diagnosis, cure,
15 mitigation, treatment, or prevention of disease in
16 humans or animals;

17 (3) Articles (other than food or clothing) intended to
18 affect the structure or any function of the body of
19 humans or animals; or

20 (4) Articles intended for use as a component of any
21 article specified in paragraph (1), (2), or (3);



1 provided that the term "drug" shall not include
2 devices or their components, parts or accessories,
3 cosmetics, or liquor as defined in section 281-1.

4 "Nonprescription drug" means any packaged, bottled, or
5 nonbulk chemical, drug, or medicine that may be lawfully sold
6 without a practitioner's order."

7 SECTION 3. New statutory material is underscored.

8 SECTION 4. This Act shall take effect on July 1, 2026.

9

INTRODUCED BY: Lyn DeBrite
BR



S.B. NO. 2792

Report Title:

General Excise Tax; Supplemental Nutrition Assistance Program; Groceries; Nonprescription Drugs; Exemptions

Description:

Establishes a general excise tax exemption for the gross proceeds or income from the sale of groceries that are eligible under the Supplemental Nutrition Assistance Program (SNAP), regardless of the means of purchase or the SNAP eligibility of the purchaser. Establishes a general excise tax exemption for the gross proceeds or income from the sale of nonprescription drugs.

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