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DEPARTMENT OF TAXATION

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

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 2935, Relating to General Excise Tax Exemptions

BEFORE THE:

Senate Committee on Health and Human Services

DATE: Wednesday, February 18, 2026

TIME: 1:00 p.m.

LOCATION: State Capitol, Conference Room 225

Chair San Buenaventura, Vice-Chair McKelvey, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding S.B. 2935 for your consideration.

Section 1 of the bill amends Chapter 237, Hawaii Revised Statutes (HRS), by adding four new sections that establish general excise tax (GET) exemptions for the gross proceeds or income from the sale of the following items:

- Groceries that are eligible under the Supplemental Nutrition Assistance Program (SNAP) and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), regardless of the means of purchase and the program eligibility of the purchaser;
- Nonprescription drugs and medical supplies;
- Feminine hygiene products; and
- Diapers.

“Food” or “food product” is defined as “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.”

“Groceries” are defined as “any food or food product for home consumption,” and may be further defined by DOTAX by rule or tax information release, provided DOTAX consults with the federal Food and Nutrition Service of the U.S. Department of Agriculture in further defining the term “groceries” for the purposes of SNAP and WIC.

“Drug” is defined as “(1) Articles recognized in the official United States Pharmacopeia, official United States Pharmacopeia Dispensing Information, official Homeopathic Pharmacopeia of the United States, or official National Formulary, or any supplement to any of these publications; (2) Articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in humans or animals; (3) Articles, other than food or clothing, intended to affect the structure or any function of the body of humans or animals; or (4) Articles intended for use as a component of any article specified in paragraph (1), (2), or (3); provided that the term ‘drug’ does not include devices or their components, parts or accessories, cosmetics, or liquor as defined in section 281-1,” HRS.

“Nonprescription drug” is defined as “any packaged, bottled, or nonbulk chemical, drug, or medicine that may be lawfully sold without a practitioner’s order.”

“Health care facility” is defined by reference to section 323D-2, HRS. “Medical supplies” are defined as “items for medical use that are suitable for use in a health care facility or in the home.” “Nonprescription drug” is defined as “any packaged, bottled, or nonbulk chemical, drug, or medicine that may be lawfully sold without a practitioner’s order.”

“Feminine hygiene products,” while not expressly defined under the bill, include, but are not limited to, “sanitary napkins; sanitary towels; tampons; panty liners; douches; feminine hygiene syringes; menstrual cups; and creams, foams, ointments, jellies, powders, and sprays used for vaginal hygiene purposes.”

“Diaper” is defined as “a washable or disposable absorbent garment that may be worn by an infant or toddler who is not toilet-trained; provided that, if disposable: (1) Does not contain any latex or common allergens; and (2) Meets or exceeds the quality standards for diapers commercially available through retail sale in the following categories: (A) Absorbency . . .; (B) Waterproof outer cover; (C) Flexible leg openings; and (D) Refastening closures.”

The bill has an effective date of January 1, 2027.

First, DOTAX notes that the proposed definitions present administrative and compliance challenges as some of the definitions provided can be interpreted broadly.

For example, while the definition of “groceries” references “food” and “food products,” which are defined under the bill, grocers, retailers and DOTAX will face challenges determining and tracking what constitutes exempted food products or groceries.

Additionally, DOTAX notes that the definitions of “drug” and “nonprescription drug” are very broad and will be difficult to administer for purposes of a GET exemption, as the definition of “nonprescription drug” is not limited to drugs, as defined in the bill, but also includes any “nonbulk chemical” that is packaged or bottled and that may be lawfully sold without a practitioner’s order. This may include chemicals that are not intended or used to treat disease or illness.

DOTAX recommends that the bill definitions be amended to provide more specificity for taxpayer clarity regarding what products will qualify for the exemption.

Finally, DOTAX notes that it can make the necessary form, instruction, and system changes with a January 1, 2027, effective date, as proposed.

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

SB-2935

Submitted on: 2/16/2026 8:56:06 AM

Testimony for HHS on 2/18/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Shelby "Pikachu" Billionaire	Testifying for Kingdom of The Hawaiian Islands & Ohana Unity Party	Support	Remotely Via Zoom

Comments:

I fully support this bill to help people who need it and save on taxes!

Pass this bill, because you know the people of Hawaii need it!

Love GOD



HIPHI Board

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Hawai'i Drug & Alcohol-Free Coalitions

Hawai'i Immunization Coalition

Hawai'i Oral Health Coalition

Hawai'i Public Health Training Hui

Healthy Eating + Active Living

Kūpuna Collective/Healthy Aging &
Community Living

Public Health Workforce Development

Date: February 15, 2026

To: Senator Joy San Buenaventura, Chair
Senator Angus L.K. McKelvey, Vice Chair
Members of the Senate Committee on Health and Human Services

Re: Support for SB 2935, Relating to General Excise Tax Exemptions

Hrg: Wednesday, February 18, 2025, at 1:00 PM, Conference Room 225

Hawai'i Public Health Institute (HIPHI)¹ is in **support of SB 2935**, which removes the general excise tax from groceries, drugs, feminine hygiene products, and diapers.

Removing the general excise tax (GET) from these essential items will help deliver some relief for working class families in Hawai'i, improve the regressivity of our tax structure and provide an opportunity for a more just economic system.

Ending Poverty Needs to be a Priority

While 2 in 5 households in Hawai'i earn less than is needed to make ends meet, it's essential we do everything we can to make life more affordable for them.² Increased wages, affordable housing, increased social services and lowered cost of living can all help make this a reality. Removing the GET on groceries is a small part of this solution, but when struggling to make ends meet, every bit counts.

Hawai'i Only "Blue" State With Sales Tax on Groceries

Just 9 states have sales tax on groceries in the nation, and Hawai'i is the only one that has a legislature consistently run by Democrats.³ This bill provides Hawai'i the opportunity to join the other 41 states in eliminating sales tax on groceries.

The General Excise Tax Burdens Low Income Residents the Most

Low income residents pay over 8% of their income in GET, with the top 1% of earners paying less than 2%.⁴ This highly regressive model is not fair, and hurts those who need the most help.

¹ Hawai'i Public Health Institute's mission is to advance health and wellness for the people and islands of Hawai'i. We do this through expanding our understanding of what creates health of people and place, fostering partnerships, and cultivating programs to improve policies, systems, and the environments where people live, learn, work, age, and play.

² [ALICE Report](#). Aloha United Way. January 2025.

³ [Sales Tax on Food: A State-by-State Guide](#). Taxuallly. October 2025.

⁴ [Hawai'i: Who Pays? 7th Edition](#). Institute on Taxation and Economic Policy



Opportunity For a More Just Economic System

By shifting away from the regressive GET, this opens the door for us to replace that lost revenue with a more progressive income tax on high earners. A fair system requires those with the greatest ability to pay to contribute the highest percentage, justly generating the revenue our state needs to serve everyone.

Mahalo,

A handwritten signature in black ink that reads 'Nate Hix'.

Nate Hix
Director of Policy and Advocacy

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Exemptions for Groceries, Nonprescription Drugs and Medical Supplies, Feminine Hygiene Products, Diapers

BILL NUMBER: SB 2935

INTRODUCED BY: MCKELVEY, FEVELLA, LAMOSAO

EXECUTIVE SUMMARY: 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 and Special Supplemental Nutrition Program for Women, Infants, and Children, regardless of the means of purchase and the program eligibility of the purchaser; nonprescription drugs and medical supplies; feminine hygiene products; and diapers. Effective 1/1/2027.

SYNOPSIS: Adds four new sections in section 237, HRS, to provide for four new exemptions.

1. Exemption for eligible groceries:

Gross proceeds or income received from the sale of all groceries eligible for purchase under the Supplemental Nutrition Assistance Program and Special Supplemental Nutrition Program for Women, Infants, and Children within the State, regardless of the means of purchase and the eligibility of the purchaser for Supplemental Nutrition Assistance Program or Special Supplemental Nutrition Program for Women, Infants, and Children benefits.

Defines "Food" or "food product" as 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.

Defines "Groceries" means any food or food product for home consumption. "Groceries" may be further defined by the department of taxation by rule or tax information release; provided that the department shall consult with the federal Food and Nutrition Service of the United States Department of Agriculture in further defining the term "groceries" for purposes of the Supplemental Nutrition Assistance Program and Special Supplemental Nutrition Program for Women, Infants, and Children.

2. Exemption for nonprescription drugs and medical supplies

Exempts gross proceeds or income received from the sale of nonprescription drugs and medical supplies.

Defines "Medical supplies" as items for medical use that are suitable for use in a health care facility or in the home.

Defines "Nonprescription drug" as any packaged, bottled, or nonbulk chemical, drug, or medicine that may be lawfully sold without a practitioner's order.

3. Exemption for feminine hygiene products

Exempts gross proceeds or income received from the sale of feminine hygiene products, including but not limited to sanitary napkins; sanitary towels; tampons; panty liners; douches; feminine hygiene syringes; menstrual cups; and creams, foams, ointments, jellies, powders, and sprays used for vaginal hygiene purposes.

4. Exemption for diapers

Exempts gross proceeds or income received from the sale of diapers.

"Diaper" means a washable or disposable absorbent garment that may be worn by an infant or toddler who is not toilet-trained; provided that, if disposable: (1) Does not contain any latex or common allergens; and (2) Meets or exceeds the quality standards for diapers commercially available through retail sale in the following categories: (A) Absorbency (with acceptable rates for first and second wetting; (B) Waterproof outer cover; (C) Flexible leg openings; and (D) Refastening closures.

EFFECTIVE DATE: January 1, 2027.

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

The GET rate reduction for all groceries eligible for WIC and SNAP, even if not purchased with a SNAP card, presumably targets healthy food for consumption, even if the buyer is above the income requirements for SNAP. And the rate reduction for nonprescription drugs, feminine hygiene products, and diapers presumably is done to promote health care.

The use of the tax system to provide financial assistance in the form of preferential tax treatment under the general excise tax is an inefficient use of the tax system. This preferential treatment proposed in this measure amounts to nothing more than a subsidy. If this measure is enacted, it will provide one industry with preferential treatment. That is bad tax policy.

It should be remembered that giving tax breaks to one select group of taxpayers comes at the expense of all other taxpayers. Rather than singling out a particular area for tax relief, concurrent efforts must be made to improve Hawaii's business climate to enhance the economic prospects for all businesses.

If lawmakers want to subsidize these specific industries, then an appropriation of funds is far more accountable as taxpayers will then know who is to receive the subsidy, how much is being spent and then they can judge whether or not this is an appropriate use of state taxpayer dollars.

The measure exempts all groceries, medical services and selective hygiene products from GET. While these are broad reaching exemptions, the question arises as to what other consumables needed on a daily basis should be exempt. The same rationale could be applied to clothing,

diapers needed for the elderly, and some services, so it is questionable why the measure's products are singled out for special treatment.

According to the State of Hawaii Data Book 2024 published by DBEDT (Table 13.38), <https://files.hawaii.gov/dbedt/economic/databook/db2024/section13.pdf>, food and beverages purchased for off-premises consumption in Hawaii totaled about \$7.660 billion in 2022 and \$7.903 billion in 2023. Exempting this category of consumption could cost 4.5% of this, or north of \$356 million.

From the same data source, health care services expenditures totaled about \$12.015 billion in 2022 and \$13.070 billion in 2023. Many of these services are provided by GET-exempt hospitals. A new GET exemption for health care covered by Medicare, Medicaid, or TRICARE went into effect this year. The revenue impact for the GET taxable entities could be considerable.

Regarding feminine hygiene products, section 237-24.3(6), HRS, exempts the sale of prescription drugs and prosthetic devices already. Over-the-counter medicines and products, whether to promote male or female health, are not exempt. Thus, the Department of Taxation's Tax Information Release 86-4 states that "sales of items or merchandise considered not exempt include over-the-counter drugs sold without a prescription or drugs to be used for animals or other pets; medical supplies and devices such as bandages, thermometers, hypodermic needles, diaphragm syringes, gauzes, orthopedic support, inhalation extender devices, food products/supplements, dietary supplements, prophylactics, contact lens preparations, and the like." We observe that the current system taxes all over-the-counter hygiene products regardless of sex and wonder whether the proposed exemption will create inequality. If this concern is overcome, the legislature may want to consider this proposed exemption as an amendment to section 237-24.3(6), HRS.

Digested: 2/16/2026

Feb. 18, 2026, 1 p.m.
Hawaii State Capitol
Conference Room 225 and Videoconference

To: Senate Committee on Health and Human Services
Sen. Joy A. San Buenaventura, Chair
Sen. Angus L.K. McKelvey, Vice Chair

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

TESTIMONY IN SUPPORT OF SB2935 — RELATING TO GENERAL EXCISE TAX EXEMPTIONS

Aloha chair, vice chair and other committee members,

The Grassroot Institute of Hawaii **supports** [SB2935](#), which would establish general excise tax exemptions for qualifying groceries, nonprescription medication, feminine hygiene products and diapers.

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.

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.⁴

If this bill is enacted, nonprescription medicines such as Tylenol and Advil would cost less, making it easier for many individuals suffering from everyday health conditions to find relief and save money.

Likewise, exemptions for necessities such as diapers and feminine hygiene products would help lower household costs for Hawaii residents.

The best action lawmakers could take to reduce the cost of living in Hawaii is to 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 ["Hawaii General Excise & Use Tax Exemptions: Tax Year 2021,"](#) Hawaii Department of Taxation, Nov. 2022, p. 6.



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Gary Okimoto, Safeway, *Advisor*
Maile Miyashiro, C&S Wholesale, *Immediate Past Chair*

TO: Committee on Health and Human Services
FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 18, 2026

TIME: 1pm

RE: SB2935 Relating to General Excise Tax Exemptions
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 introducing and 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 at the full general sales tax rate. Nearly all other states exempt these basic necessities, or at least tax them at a reduced rate.



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



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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.

We support this measure's timeline to take effect beginning January 1, 2027. If a phased in approach is more feasible from a budgetary standpoint, we support that approach as well.

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.



ALOHA CARE

To: The Honorable Joy A. San Buenaventura, Chair
The Honorable Angus L.K. McKelvey, Vice Chair
Senate Committee on Health and Human Services

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

Hearing: Wednesday, February 18, 2026, 1:00pm, Conference Room 225

RE: **SB2935 Relating to General Excise Tax Exemptions**

AlohaCare appreciates the opportunity to provide testimony in **support of SB2935**. This measure 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 and Special Supplemental Nutrition Program for Women, Infants, and Children, regardless of the means of purchase and the program eligibility of the purchaser; nonprescription drugs and medical supplies; feminine hygiene products; and diapers.

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 SB2935**.



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai‘i Appleseed Center for Law and Economic Justice
Support for SB 2935 – Relating to General Excise Tax Exemption
Senate Committee on Health and Human Services
Wednesday, February 18, 2026 at 1:00 PM

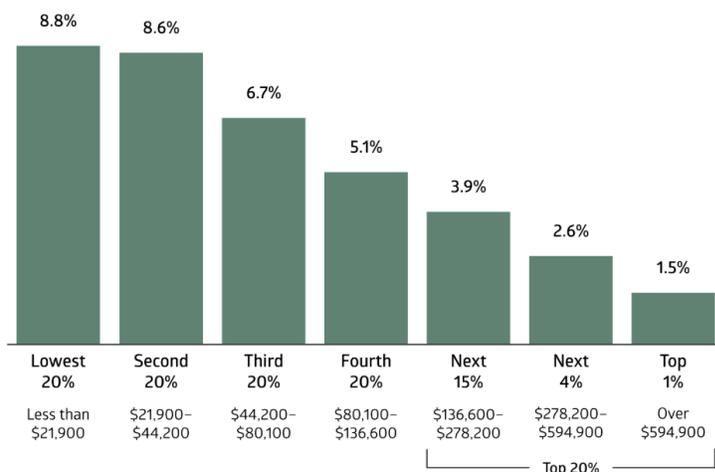
Dear Chair San Buenaventura, Vice Chair McKelvey, and members of the Committee:

Thank you for the opportunity to submit testimony in support for **SB 2935**, which would exempt essentials like groceries, non-prescription drugs, diapers, and feminine hygiene products from the general excise tax (GET).

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 and other essentials 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 four needs roughly \$110,000 annually to meet basic needs, it is critical these changes reduce the burden on 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

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

nearly half of general fund receipts, with GET from grocery and nonprescription drugs contributing an estimated \$250 million per year.² 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 legislature decide to proceed with this proposal, we highly recommend doing so in tandem with a proposal to fill the budget hole using progressive taxation options. There are currently several viable proposals for this, 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 SB 2935.

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>



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February 16, 2026

The Honorable Senator San Buenaventura
Chair, Senate Health and Human Services Committee
Hawai'i State Capitol
415 South Beretania Street
Honolulu, HI 96813

RE: Support for SB 2935 – Establishing General Excise Tax Exemptions.

Chair Buenaventura,

On behalf of the Consumer Healthcare Products Association (CHPA), the national trade association representing the leading manufacturers of over-the-counter (OTC) medicines, dietary supplements, and OTC medical devices, I'd like to express strong support for SB 2935, which would exempt nonprescription drugs, medical supplies, and feminine hygiene products from the state's general excise tax (GET).

Nonprescription medicines and medical supplies play a vital role in self-care and public health. They empower individuals and families to treat everyday illnesses, manage ongoing conditions, and handle minor injuries quickly and safely — reducing the need for expensive clinical visits. The result is healthier communities and a less burdened healthcare system.

For many individuals — especially those in rural or underserved communities — OTC medicines and basic medical supplies are the most immediate and accessible form of care available. Families frequently turn to these products as an affordable way to address minor health concerns before they worsen. When these products remain within reach and reasonably priced, the state fosters a culture of preventive care, cuts down on unnecessary medical visits, and gives individuals the tools to take charge of their own health.

We also strongly support exempting feminine hygiene products from the GET. These are not discretionary purchases — they are essential medical necessities for individuals who menstruate. Taxing these products places an added financial burden on families and individuals, particularly those with lower incomes who already spend a disproportionate share of their budget on them. Eliminating this tax would offer meaningful relief and help ensure that all residents have equitable access to the products they need.

We commend Senator McKelvey for introducing SB 2935 and respectfully urge the Committee to support this bill. Thank you for your consideration, and please do not hesitate to contact me if I can provide additional information or perspective.

Respectfully submitted,



Carlos I. Gutiérrez
Vice President, State & Local Government Affairs
Consumer Healthcare Products Association
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Cc: Senate Health and Human Services Committee
The Honorable Senator Angus McKelvey, Vice Chair

SB-2935

Submitted on: 2/13/2026 10:50:47 PM

Testimony for HHS on 2/18/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Oppose	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry, OPPOSE for these reasons

thousand of low income tax payer will lose the food tax credit

GET is a funding source for Skyline

2935 SB RELATING TO GENERAL EXCISE TAX EXEMPTIONS

SB-2935

Submitted on: 2/15/2026 3:15:48 PM

Testimony for HHS on 2/18/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Nancy D Moser	Individual	Support	Written Testimony Only

Comments:

In support.

SB-2935

Submitted on: 2/17/2026 5:56:22 AM

Testimony for HHS on 2/18/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lila Mower	Individual	Support	Written Testimony Only

Comments:

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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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Committee: Senate Committee on Health and Human Services
Bill Number: SB 2935, Relating to General Excise Tax Exemptions
Hearing Date and Time: February 18, 2026, at 1:00pm (Room 225)
Re: Testimony of Holomua Collaborative- Support

Aloha Chair San Buenaventura, Vice Chair McKelvey, and Committee Members:

The purpose of SB 2935 is to provide financial support to local families by eliminating the general excise tax rate on certain groceries, nonprescription drugs, feminine hygiene products, and diapers.

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 such as food, nonprescription medications, feminine hygiene products, and diapers has placed an undue burden on local residents. This is particularly true for those already struggling to survive in a state with one of the nation's highest cost-of-living rates.

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 food costs were the third most significant factors affecting the cost of living in 2025 and 2024, respectively, after housing and wages.

SB 2935 correctly identifies that taxes on basic necessities are regressive because low- and middle-income families spend a larger share 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 earning over \$100,000) report living paycheck to paycheck, stating they can “barely afford food” and that they 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 recognized that taxing rice, milk, and aspirin hurts families, Hawai‘i continues to treat these necessities as 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 pays over \$700 in taxes on their food alone. For a household already struggling with the cost of living, this is a significant annual hit to an essential human need.

By exempting certain groceries, nonprescription drugs, feminine hygiene products, and diapers, 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 SB 2935 to help reduce the financial strain on Hawai‘i's workforce and protect our local communities.

Sincerely,

Matthew Prellberg
Policy and Communications Director