

JAN 20 2023

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 is the most
2 isolated, populated land mass on earth and currently relies on
3 imports for over eighty-five per cent of its food supply. This
4 reliance is not only costly, but also poses a significant risk
5 of famine in the event of a natural disaster, economic
6 disruption, or other external factors beyond the State's
7 control.

8 The legislature also finds that through the adoption of the
9 Sustainable Hawaii Initiative and Aloha+ Challenge, Hawaii is
10 committed to doubling local food production for local
11 consumption by 2030.

12 The legislature further finds that providing tax relief to
13 producers of produce will lower food costs, increase sales of
14 produce, and return more profits to farmers and the agricultural
15 industry.



1 The purpose of this Act is to help Hawaii achieve its local
2 food production goals by exempting amounts received by farmers
3 for the sale of produce from the general excise tax.

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

7 "§237- Exemption of produce. (a) There shall be
8 exempted from, and excluded from the measure of, the taxes
9 imposed by this chapter the first \$200,000 of the gross proceeds
10 or income received by a farmer for the sale of produce that is
11 intended for human consumption within the State.

12 This exemption shall not apply to sales of produce intended
13 for human consumption outside of the State.

14 (b) For the purposes of this section:

15 "Farmer" means a person or entity that cultivates the land
16 in the State in order to grow produce for human consumption.

17 "Produce" means any fresh fruit or vegetable grown in the
18 soil or hydroponically, regardless of whether organic, that is
19 sold in the same general condition as when it was harvested."

20 SECTION 3. New statutory material is underscored.



1 SECTION 4. This Act shall take effect upon its approval
2 and shall apply to gross income or gross proceeds received after
3 December 31, 2022.

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INTRODUCED BY:

Lyn D. Coste



S.B. NO. 796

Report Title:

General Excise Tax; Produce; Exemption

Description:

Exempts the gross proceeds received by a farmer for the sale of produce from the general excise tax.

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