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# A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

1           SECTION 1. Section 237-24.3, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "~~§237-24.3~~ **Additional amounts not taxable.** In addition to  
4 the amounts not taxable under section 237-24, this chapter shall  
5 not apply to:

6           (1) Amounts received from the loading, transportation, and  
7 unloading of agricultural [~~commodities~~] products  
8 shipped for a producer or produce dealer on one island  
9 of this State to a person, firm, or organization on  
10 another island of this State. The [~~terms~~  
11 "~~agricultural commodity~~",] term "agricultural  
12 products" shall be defined in the same manner as in  
13 section 237-5, "producer" [~~7~~] shall be defined in the  
14 same manner as in section 237-5, and "produce dealer"  
15 shall be defined in the same manner as [~~they are~~  
16 ~~defined~~] in section 147-1; provided that [~~agricultural~~



1           ~~commodities~~] agricultural products need not have been  
2           produced in the State;

3           (2) Amounts received by the manager, submanager, or board  
4           of directors of:

5           (A) An association of owners of a condominium  
6           property regime established in accordance with  
7           chapter 514A or 514B; or

8           (B) A nonprofit homeowners or community association  
9           incorporated in accordance with chapter 414D or  
10          any predecessor thereto and existing pursuant to  
11          covenants running with the land,  
12          in reimbursement of sums paid for common expenses;

13          (3) Amounts received or accrued from:

14          (A) The loading or unloading of cargo from ships,  
15          barges, vessels, or aircraft, whether or not the  
16          ships, barges, vessels, or aircraft travel  
17          between the State and other states or countries  
18          or between the islands of the State;

19          (B) Tugboat services including pilotage fees  
20          performed within the State, and the towage of



1 ships, barges, or vessels in and out of state  
2 harbors, or from one pier to another; and  
3 (C) The transportation of pilots or governmental  
4 officials to ships, barges, or vessels offshore;  
5 rigging gear; checking freight and similar  
6 services; standby charges; and use of moorings  
7 and running mooring lines;  
8 (4) Amounts received by an employee benefit plan by way of  
9 contributions, dividends, interest, and other income;  
10 and amounts received by a nonprofit organization or  
11 office, as payments for costs and expenses incurred  
12 for the administration of an employee benefit plan;  
13 provided that this exemption shall not apply to any  
14 gross rental income or gross rental proceeds received  
15 after June 30, 1994, as income from investments in  
16 real property in this State; and provided further that  
17 gross rental income or gross rental proceeds from  
18 investments in real property received by an employee  
19 benefit plan after June 30, 1994, under written  
20 contracts executed prior to July 1, 1994, shall not be  
21 taxed until the contracts are renegotiated, renewed,



1 or extended, or until after December 31, 1998,  
2 whichever is earlier. For the purposes of this  
3 paragraph, "employee benefit plan" means any plan as  
4 defined in section 1002(3) of title 29 of the United  
5 States Code, as amended;

6 (5) Amounts received for purchases made with United States  
7 Department of Agriculture food coupons under the  
8 federal food stamp program, and amounts received for  
9 purchases made with United States Department of  
10 Agriculture food vouchers under the Special  
11 Supplemental Foods Program for Women, Infants and  
12 Children;

13 (6) Amounts received by a hospital, infirmary, medical  
14 clinic, health care facility, pharmacy, or a  
15 practitioner licensed to administer the drug to an  
16 individual for selling prescription drugs or  
17 prosthetic devices to an individual; provided that  
18 this paragraph shall not apply to any amounts received  
19 for services provided in selling prescription drugs or  
20 prosthetic devices. As used in this paragraph:



1 "Prescription drugs" are those drugs defined  
2 under section 328-1 and dispensed by filling or  
3 refilling a written or oral prescription by a  
4 practitioner licensed under law to administer the drug  
5 and sold by a licensed pharmacist under section 328-16  
6 or practitioners licensed to administer drugs;  
7 provided that "prescription drugs" shall not include  
8 marijuana or manufactured marijuana products  
9 authorized pursuant to chapters 329 and 329D[+];  
10 and[+]

11 "Prosthetic device" means any artificial device  
12 or appliance, instrument, apparatus, or contrivance,  
13 including their components, parts, accessories, and  
14 replacements thereof, used to replace a missing or  
15 surgically removed part of the human body, which is  
16 prescribed by a licensed practitioner of medicine,  
17 osteopathy, or podiatry and that is sold by the  
18 practitioner or that is dispensed and sold by a dealer  
19 of prosthetic devices; provided that "prosthetic  
20 device" shall not mean any auditory, ophthalmic,



- 1 dental, or ocular device or appliance, instrument,  
2 apparatus, or contrivance;
- 3 (7) Taxes on transient accommodations imposed by chapter  
4 237D and passed on and collected by operators holding  
5 certificates of registration under that chapter;
- 6 (8) Amounts received as dues by an unincorporated  
7 merchants association from its membership for  
8 advertising media, promotional, and advertising costs  
9 for the promotion of the association for the benefit  
10 of its members as a whole and not for the benefit of  
11 an individual member or group of members less than the  
12 entire membership;
- 13 (9) Amounts received by a labor organization for real  
14 property leased to:
- 15 (A) A labor organization; or
- 16 (B) A trust fund established by a labor organization  
17 for the benefit of its members, families, and  
18 dependents for medical or hospital care, pensions  
19 on retirement or death of employees,  
20 apprenticeship and training, and other membership  
21 service programs.



1 As used in this paragraph, "labor organization" means  
2 a labor organization exempt from federal income tax  
3 under section 501(c)(5) of the Internal Revenue Code,  
4 as amended;

5 (10) Amounts received from foreign diplomats and consular  
6 officials who are holding cards issued or authorized  
7 by the United States Department of State granting them  
8 an exemption from state taxes; and

9 (11) Amounts received as rent for the rental or leasing of  
10 aircraft or aircraft engines used by the lessees or  
11 renters for interstate air transportation of  
12 passengers and goods. For purposes of this paragraph,  
13 payments made pursuant to a lease shall be considered  
14 rent regardless of whether the lease is an operating  
15 lease or a financing lease. The definition of  
16 "interstate air transportation" is the same as in 49  
17 U.S.C. section 40102."

18 SECTION 2. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.

20 SECTION 3. This Act shall take effect on July 1, 2017, and  
21 shall apply to taxable years beginning after December 31, 2017.



**Report Title:**

Agricultural Products; General Excise Tax; Exemption

**Description:**

Expands the agricultural products general excise tax exemption to include additional types of agricultural products. Applies to taxable years beginning after 12/31/2017. (SD1)

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