

JAN 25 2017

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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. The legislature finds that Hawaii has seen  
2 tremendous growth in the sale of local agricultural commodities  
3 directly to consumers through farmers' markets, roadside stands,  
4 and community supported agriculture. The department of  
5 agriculture lists two hundred thirty farmers' markets statewide  
6 operating approximately three hundred fifty-eight markets each  
7 week. Furthermore, the State's Increased Food Security and Food  
8 Self-Sufficiency Strategy lists as priority actions facilitating  
9 farmer participation in farmers' markets and encouraging and  
10 promoting community supported agriculture.

11           The legislature further finds that the United States  
12 Department of Agriculture identified seven thousand farms in  
13 Hawaii in 2012. Many of these farms are small farms that sell  
14 produce directly to consumers through farmers' markets, roadside  
15 stands, and community supported agriculture. For example, 6,171  
16 farms, or eighty-eight per cent of the total number of farms,  
17 has sales of less than \$50,000.



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1           The legislature finds that providing additional support to  
2 Hawaii's agricultural industry could help to reduce reliance on  
3 agricultural imports and foster job growth in the State.  
4 Additionally, reducing the tax burden for farms that produce and  
5 sell locally grown agricultural commodities, such as fruits,  
6 vegetables, nuts, coffee, and honey, will help to promote the  
7 production of locally-grown food.

8           The purpose of this Act is to exempt agricultural  
9 commodities produced in the State and sold directly to consumers  
10 from the general excise tax up to a limit of \$50,000 per year in  
11 gross income.

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

15           "§237-       Exemption for sales of agricultural commodities  
16 made directly to consumers. (a) In addition to the amounts not  
17 taxable under sections 237-24 and 237-24.3, this chapter shall  
18 not apply to an amount up to, but not in excess of, \$50,000 a  
19 year of gross income received from the sale of agricultural  
20 commodities sold directly to consumers by producers, including



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1 direct farm sales and sales at farmers' markets, roadside  
2 stands, and community supported agriculture.

3 (b) For the purposes of this section:

4 "Agricultural commodity" means fresh fruits and fresh  
5 vegetables of every kind and character; nuts; coffee, whether  
6 cherry or parchment or green beans; and raw unprocessed honey  
7 produced in the State.

8 "Producer" shall have the same meaning as in section 147-  
9 1."

10 SECTION 3. New statutory material is underscored.

11 SECTION 4. This Act shall take effect on July 1, 2017.

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# S.B. NO. 1194

**Report Title:**

Agricultural Commodity; Exemption; General Excise Tax

**Description:**

Exempts agricultural commodities produced in the State and sold directly to consumers from the general excise tax up to a limit of \$50,000 per year in gross income.

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