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# A BILL FOR AN ACT

RELATING TO TAX EXEMPTION.

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

1           SECTION 1. The legislature finds that farm equipment and  
2 machinery are costly to the average farmer who typically earns  
3 an average of only \$35,000 annually.

4           The purpose of this Act is to establish a statewide general  
5 excise tax exemption for the gross proceeds arising from the  
6 sale of farm equipment and machinery to certain producers of  
7 agricultural products.

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

11           "§237- Exemption for purchase of farm equipment and  
12 machinery. (a) There shall be exempted from, and excluded from  
13 the measure of, the taxes imposed by this chapter all of the  
14 gross proceeds arising from the sale of farm equipment and  
15 machinery to a producer; provided that the producer's gross  
16 income for the previous taxable year, as evidenced by the



1 producer's income tax return for that year, does not exceed  
2 \$200,000.

3 (b) For purposes of this section, "farm equipment and  
4 machinery" means any implement, tool, machine, equipment,  
5 appliance, device, or apparatus used in the conduct of  
6 agricultural operations, except:

7 (1) Property used for administration, management, or  
8 marketing of an agricultural operation;

9 (2) Supply items such as shop towels, cleaning agents such  
10 as hand cleaners and solvents, and agricultural  
11 chemicals;

12 (3) Articles of clothing, except for clothing designed to  
13 protect an agricultural product or that is required by  
14 law when applying chemicals; and

15 (4) Items purchased for the purpose of resale.

16 (c) The director of taxation shall adopt rules pursuant to  
17 chapter 91 for the purpose of this section."

18 SECTION 3. New statutory material is underscored.

19 SECTION 4. This Act shall take effect on July 1, 2018.



**Report Title:**

General Excise Tax; Exemption; Agriculture; Farm Equipment and Machinery

**Description:**

Exempts gross proceeds arising from sales of farm equipment and machinery to certain producers of agricultural products from the general excise tax. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

