
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 farm equipment and machinery purchased
6 by certain producers of agricultural products.

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

10 **"§237- Exemption for purchase of farm equipment. (a)**
11 There shall be exempted from, and excluded from the measure of,
12 the taxes imposed by this chapter all of the gross proceeds
13 arising from the sale of farm equipment and machinery to a
14 producer; provided that the producer's gross income for the
15 previous taxable year, as evidenced by the producer's income tax
16 return for that year, did not exceed \$200,000.



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

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

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

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

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

14 (c) The director of taxation shall adopt rules pursuant to
15 chapter 91 for the purpose of this section, including any time
16 limitation for the exemptions."

17 SECTION 3. New statutory material is underscored.

18 SECTION 4. This Act shall take effect on July 1, 2050;

19 provided that:

20



- 1 (1) This Act shall apply to taxable years beginning after
- 2 December 31, 2019; and
- 3 (2) This Act shall be repealed on



Report Title:

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

Description:

Exempts sales of farm equipment and machinery to certain producers of agricultural products from the general excise tax. Applies to taxable years beginning after 12/31/2019. Sunsets on an unspecified date. Effective 7/1/2050. (SD2)

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