

JAN 19 2018

A BILL FOR AN ACT

RELATING TO THE GENERAL EXCISE TAX.

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

1 SECTION 1. Chapter 237, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§237- Exemption; qualified small farmers. (a) This
5 chapter shall not apply to the gross proceeds received by a
6 qualified small farmer of the sale of produce that is intended
7 for human consumption within the State. The gross proceeds of
8 the sale of produce by a qualified small farmer shall be exempt
9 from the tax imposed by this chapter for a maximum period of
10 five years.

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

13 (b) For the purposes of this section:

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



1 "Qualified small farmer" means a person or entity that
 2 cultivates the land in the State in order to grow produce for
 3 human consumption; provided that the produce for which an
 4 exemption is claimed under this section is grown on a parcel of
 5 land that:

- 6 (1) Is no larger than acres; and
 7 (2) Has been fallow for a period of not less than five
 8 consecutive years immediately prior to the year for
 9 which an exemption is first claimed under this
 10 section."

11 SECTION 2. New statutory material is underscored.

12 SECTION 3. This Act shall take effect upon its approval
 13 and shall apply to gross income or gross proceeds received after
 14 December 31, 2017, and before January 1, 2022; provided that
 15 this Act shall be repealed on January 1, 2022.

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INTRODUCED BY:

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S.B. NO. 2685

Report Title:

Small Farmer; General Excise Tax; Exemption

Description:

Exempts the gross proceeds of any qualified small farmer from the general excise tax. Repeals on 1/1/2022.

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