
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 for the sale of produce that is intended
7 for human consumption. The gross proceeds of the sale of
8 produce received 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 (b) For the purposes of this section:

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

15 "Qualified small farmer" means a person or entity that
16 cultivates the land in the State in order to grow produce for
17 human consumption; provided that the produce for which an



1 exemption is claimed under this section is grown on a parcel of
2 land that:

3 (1) Is no larger than acres;

4 (2) Has been fallow for a period of no less than five
5 consecutive years immediately prior to the year for
6 which an exemption is first claimed under this
7 section; and

8 (3) Is classified and zoned as agricultural land by the
9 land use commission and the county."

10 SECTION 2. New statutory material is underscored.

11 SECTION 3. This Act shall take effect upon its approval
12 and shall apply to gross income or gross proceeds received after
13 December 31, 2018, and before January 1, 2023; provided that
14 this Act shall be repealed on January 1, 2023.



Report Title:

Small Farmer; General Excise Tax; Exemption

Description:

Exempts the gross proceeds received by any qualified small farmer from the sale of produce intended for human consumption from the general excise tax. Repeals on 1/1/2023. (SD1)

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