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# A BILL FOR AN ACT

RELATING TO TARO.

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

1           SECTION 1. The legislature finds that Hawaii imports  
2 eighty-five per cent of its food and is considered highly  
3 vulnerable in issues of food security. Climate change  
4 significantly increases this vulnerability with sea level rise  
5 and intensified weather patterns in the Pacific, such as  
6 droughts, hurricanes, and floods. In 2016, at the International  
7 Union of Conservation of Nature World Conservation Congress, the  
8 governor pledged to double food production in Hawaii by 2030  
9 as part of Hawaii's commitment to its residents and the world  
10 and in order to begin to address this import inequity.

11           The legislature further finds that small farms on ten  
12 acres or less in Hawaii produce a significant portion of  
13 locally-grown and locally-consumed food on each island. While  
14 the small farm sector of agriculture is growing, the 2017  
15 census of agriculture reports that the average small-scale  
16 farmer in Hawaii makes less than \$40,000 per year, with losses  
17 of almost \$10,000 annually due to the high costs of farming,



1 including land and water. To accomplish the State's 2030 goal  
2 for local food production, there is an urgent need to better  
3 support small farmers, including through small economic  
4 incentives to build a larger market.

5 The legislature additionally finds that the department of  
6 agriculture has identified staple starches as the greatest  
7 food security risk in the State. Taro is a hypoallergenic  
8 complex carbohydrate that plays a critical role in the health  
9 of the family, particularly Native Hawaiians. Yet, the cost  
10 of poi remains inaccessible to families most in need of this  
11 important staple starch food.

12 Taro is one of Hawaii's highest yielding staple starch  
13 food crops, producing ten thousand pounds and twenty thousand  
14 pounds per acre per annum under wet and dry cultivation,  
15 respectively. However, taro is severely underproduced in the  
16 State. The 2017 census of agriculture reported two hundred  
17 seven farms and four hundred ninety-five acres of taro in  
18 wetland and dryland production. An estimated two hundred to  
19 three hundred additional acres are unreported or in  
20 subsistence taro cultivation. Annual reported production



1 averages four million tons. However, taro imports are  
2 estimated to soon exceed local production.

3 The legislature also finds that loi kalo, or wetland taro  
4 systems, are also recognized for their potential to mitigate  
5 other impacts of climate change by functioning as riparian  
6 buffers and sediment retention basins. Underground foods,  
7 such as taro, can often survive hurricane or flood events and  
8 be harvested to address immediate food shortages where the  
9 capacity to store and cook food can be retained.

10 The legislature further finds that, in its report to the  
11 2010 legislature, the taro security and purity task force made  
12 several recommendations to make taro farming affordable,  
13 including improving access to land, water, mentoring, and  
14 economic incentives. The counties of Maui and Kauai have  
15 enacted ordinances that exempt kuleana lands in active taro  
16 production from county taxes. These ordinances provide  
17 limited relief to some taro farms but are not available in  
18 all counties and are insufficient for young farmers to offset  
19 the typically low incomes experienced by taro growers or  
20 mitigate the effects of competition from imports.



1           The legislature additionally finds that, in 1901, the  
2 first legislature of the Territory of Hawaii recognized the  
3 role that taro played in feeding the nation by passing Senate  
4 Bill No. 87 to encourage the cultivation of taro by exempting  
5 taro and the cultivation of taro from all state taxes. While  
6 Senate Bill No. 87 was never signed into law, its intentions  
7 were clear in encouraging the production of more taro.

8           The legislature also finds that, in recognition of the  
9 critical importance of protecting and perpetuating the  
10 traditional practice of taro farming as part of Hawaii's  
11 cultural identity and its role in local food security, there  
12 is a compelling interest in enacting a law that is similar to  
13 Senate Bill No. 87 in the present day.

14           Additionally, the legislature finds that an acreage and  
15 income cap is a more effective threshold than a timeframe for  
16 a tax benefit where one of the goals is to increase overall  
17 local taro production.

18           The purpose of this Act is to create stronger economic  
19 incentives for new taro farmers, improve the livelihoods of  
20 existing taro farmers, and reduce the cost of poi for local



1 families by excluding up to \$ \_\_\_\_\_ of income derived from  
2 taro production from the state income tax.

3 SECTION 2. Chapter 235, Hawaii Revised Statutes, is  
4 amended by adding a new section to be appropriately designated  
5 and to read as follows:

6 "§235- Taro cultivation and production; exclusion. (a)

7 Except as provided in section 235-2.4 (relating to "unrelated  
8 business taxable income") and sections 235-61 to 235-67  
9 (relating to withholding and collection of tax at source), the  
10 income of qualified taxpayers engaged in the business of taro  
11 cultivation and production of value-added taro products shall  
12 not be taxable up to the first \$ \_\_\_\_\_ of gross income per  
13 qualified taxpayer; provided that this exclusion shall not apply  
14 if at any time during the year the total amount of land for  
15 locally grown taro in the State surpasses thirty thousand acres,  
16 as determined by the department of agriculture.

17 (b) As it relates to qualified taxpayers engaged in the  
18 business of taro cultivation and production of value-added taro  
19 products, the following shall not be taxable under this chapter:



- 1        (1) Taro plants; taro corm; leaf; and huli for taro farms
- 2            or portions of farms dedicated to taro plants, taro
- 3            corm, leaf, and huli;
- 4        (2) Taro lands planted with taro, including fallow
- 5            rotation lands specifically for taro production of
- 6            less than or equal acreage to lands in active taro
- 7            production by each individual grower; and
- 8        (3) Preparations of taro, poi, and value-added products
- 9            produced with taro.
- 10        (c) The department of taxation may consult with the office
- 11 of Hawaiian affairs in the administration of the exclusion
- 12 provided under this section.
- 13        (d) For the purposes of this section:
- 14            "Qualified taxpayer" means an individual engaged in:
- 15            (1) The production of taro or taro products for sale, or
- 16            the use of land for taro farming; and
- 17            (2) The manufacturing, compounding, canning, preserving,
- 18            milling, processing, refining, or preparing taro for
- 19            sale.



1       "Taro corm" means the starchy underground portion of the  
2 taro plant. "Taro corm" is known as "kalo" in the Hawaiian  
3 language.

4       "Taro huli" means a taro top, as used for planting, where  
5 the upright stem is cut below the leaf and below the top of the  
6 corm of the taro, such that it includes a piece of the corm at  
7 its base where roots can emerge."

8       SECTION 3. New statutory material is underscored.

9       SECTION 4. This Act shall take effect on July 1, 2050, and  
10 shall apply to taxable years beginning after December 31, 2020.



**Report Title:**

Taro; Income Tax; Exclusion

**Description:**

Establishes an exclusion from the state income tax for an unspecified portion of a person's income derived from the business of taro cultivation or production of taro products. Provides that the exclusion shall not apply if the department of agriculture determines that more than 30,000 acres of land is used for locally grown taro. Effective 7/1/2050. (SD2)

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

