
A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

1 SECTION 1. Section 237-24.3, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§237-24.3 Additional amounts not taxable.** In addition to
4 the amounts not taxable under section 237-24, this chapter shall
5 not apply to:

6 (1) Amounts received from the loading, transportation, and
7 unloading of agricultural commodities shipped for a
8 [~~producer or produce dealer~~] qualifying entity on one
9 island of this State to a person, firm, or
10 organization on another island of this State [~~—The~~
11 ~~terms "agricultural"]; regardless of whether the
12 agricultural commodities were produced in the State.
13 For purposes of this paragraph:~~

14 "Agricultural commodity" [~~,"producer", and~~
15 ~~"produce dealer" shall be defined in the same manner~~
16 ~~as they are defined in section 147-1; provided that~~
17 ~~agricultural commodities need not have been produced~~



1 ~~in the State;]~~ means any product resulting from
2 agricultural activities as defined in section 269-1;
3 and

4 "Qualifying entity" means any entity engaged in
5 agricultural activities as defined in section 269-1;

6 (2) Amounts received by the manager, submanager, or board
7 of directors of:

8 (A) An association of a condominium property regime
9 established in accordance with chapter 514B or
10 any predecessor thereto; or

11 (B) A nonprofit homeowners or community association
12 incorporated in accordance with chapter 414D or
13 any predecessor thereto and existing pursuant to
14 covenants running with the land,

15 in reimbursement of sums paid for common expenses;

16 (3) Amounts received or accrued from:

17 (A) The loading or unloading of cargo from ships,
18 barges, vessels, or aircraft, whether or not the
19 ships, barges, vessels, or aircraft travel
20 between the State and other states or countries
21 or between the islands of the State;



- 1 (B) Tugboat services including pilotage fees
- 2 performed within the State, and the towage of
- 3 ships, barges, or vessels in and out of state
- 4 harbors, or from one pier to another; and
- 5 (C) The transportation of pilots or governmental
- 6 officials to ships, barges, or vessels offshore;
- 7 rigging gear; checking freight and similar
- 8 services; standby charges; and use of moorings
- 9 and running mooring lines;
- 10 (4) Amounts received by an employee benefit plan by way of
- 11 contributions, dividends, interest, and other income;
- 12 and amounts received by a nonprofit organization or
- 13 office, as payments for costs and expenses incurred
- 14 for the administration of an employee benefit plan;
- 15 provided that this exemption shall not apply to any
- 16 gross rental income or gross rental proceeds received
- 17 after June 30, 1994, as income from investments in
- 18 real property in this State; and provided further that
- 19 gross rental income or gross rental proceeds from
- 20 investments in real property received by an employee
- 21 benefit plan after June 30, 1994, under written



1 contracts executed prior to July 1, 1994, shall not be
2 taxed until the contracts are renegotiated, renewed,
3 or extended, or until after December 31, 1998,
4 whichever is earlier. For the purposes of this
5 paragraph, "employee benefit plan" means any plan as
6 defined in title 29 United States Code
7 section 1002(3), as amended;

8 (5) Amounts received for purchases made with United States
9 Department of Agriculture food coupons under the
10 federal food stamp program, and amounts received for
11 purchases made with United States Department of
12 Agriculture food vouchers under the Special
13 Supplemental Foods Program for Women, Infants and
14 Children;

15 (6) Amounts received by a hospital, infirmary, medical
16 clinic, health care facility, pharmacy, or a
17 practitioner licensed to administer the drug to an
18 individual for selling prescription drugs or
19 prosthetic devices to an individual; provided that
20 this paragraph shall not apply to any amounts received



1 for services provided in selling prescription drugs or
2 prosthetic devices. As used in this paragraph:

3 "Prescription drugs" are those drugs defined
4 under section 328-1 and dispensed by filling or
5 refilling a written or oral prescription by a
6 practitioner licensed under law to administer the drug
7 and sold by a licensed pharmacist under section 328-16
8 or practitioners licensed to administer drugs;
9 provided that "prescription drugs" shall not include
10 cannabis or manufactured cannabis products authorized
11 pursuant to chapters 329 and 329D; and

12 "Prosthetic device" means any artificial device
13 or appliance, instrument, apparatus, or contrivance,
14 including their components, parts, accessories, and
15 replacements thereof, used to replace a missing or
16 surgically removed part of the human body, which is
17 prescribed by a licensed practitioner of medicine,
18 osteopathy, or podiatry and that is sold by the
19 practitioner or that is dispensed and sold by a dealer
20 of prosthetic devices; provided that "prosthetic
21 device" shall not mean any auditory, ophthalmic,



1 dental, or ocular device or appliance, instrument,
2 apparatus, or contrivance;

3 (7) Taxes on transient accommodations imposed by
4 chapter 237D and passed on and collected by operators
5 holding certificates of registration under that
6 chapter;

7 (8) Amounts received as dues by an unincorporated
8 merchants association from its membership for
9 advertising media, promotional, and advertising costs
10 for the promotion of the association for the benefit
11 of its members as a whole and not for the benefit of
12 an individual member or group of members less than the
13 entire membership;

14 (9) Amounts received by a labor organization for real
15 property leased to:

16 (A) A labor organization; or

17 (B) A trust fund established by a labor organization
18 for the benefit of its members, families, and
19 dependents for medical or hospital care, pensions
20 on retirement or death of employees,



1 apprenticeship and training, and other membership
2 service programs.

3 As used in this paragraph, "labor organization" means
4 a labor organization exempt from federal income tax
5 under section 501(c)(5) of the Internal Revenue Code,
6 as amended;

7 (10) Amounts received from foreign diplomats and consular
8 officials who are holding cards issued or authorized
9 by the United States Department of State granting them
10 an exemption from state taxes; and

11 (11) Amounts received as rent for the rental or leasing of
12 aircraft or aircraft engines used by the lessees or
13 renters for interstate air transportation of
14 passengers and goods. For purposes of this paragraph,
15 payments made pursuant to a lease shall be considered
16 rent regardless of whether the lease is an operating
17 lease or a financing lease. The definition of
18 "interstate air transportation" is the same as in
19 title 49 [U.S.C.] United States Code section 40102."



1 SECTION 2. This Act does not affect rights and duties that
2 matured, penalties that were incurred, and proceedings that were
3 begun before its effective date.

4 SECTION 3. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 4. This Act shall take effect on January 1, 2050;
7 provided that section 1 shall take effect on July 1, 2021.



Report Title:

Agriculture; Taxation; Interisland Transportation

Description:

Exempts from general excise tax law amounts received from the interisland transportation and related loading and unloading of agricultural commodities. Effective 1/1/2050. (HD2)

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