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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 as a State. Climate  
4 change significantly increases this vulnerability with sea level  
5 rise and intensified weather patterns in the Pacific, such as  
6 droughts, hurricanes, and floods. In 2016, the governor pledged  
7 to double food production in Hawaii by 2030 at the  
8 International Union of Conservation of Nature World Conservation  
9 Congress, as part of Hawaii's commitments to the world and the  
10 State 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. The  
14 small farm sector of agriculture is growing, yet the 2017  
15 census of agriculture reports the average small-scale farmer  
16 in Hawaii makes less than \$40,000 per year, with losses of  
17 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. Taro is one of Hawaii's highest  
12 yielding staple starch food crops, producing ten thousand and  
13 twenty thousand pounds per acre per annum under wet and dry  
14 cultivation, respectively; however, taro is severely  
15 underproduced in the State. The 2017 census of agriculture  
16 reported two hundred seven farms and four hundred ninety-five  
17 acres of taro in wetland and dryland production. An estimated  
18 two hundred to three hundred additional acres are unreported  
19 or in subsistence taro cultivation. Annual reported  
20 production averages four million tons; however, taro imports  
21 are estimated to soon exceed local production.



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

9           The legislature further finds that the report of the Taro  
10 Security and Purity Task Force to the 2010 legislature  
11 recommended a number of supports to make taro farming  
12 affordable, including access to land, water, mentoring, and  
13 economic incentives. The counties of Maui and Kauai have  
14 enacted ordinances that exempt kuleana lands in active taro  
15 production from county taxes. These ordinances provide  
16 limited relief to some taro farms but are not available in  
17 all counties and are insufficient for young farmers to offset  
18 typically low incomes experienced by taro growers or mitigate  
19 the effects of competition from imports.

20           The legislature additionally finds that, in 1901, the  
21 first legislature of the Territory of Hawaii recognized the



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

6 The legislature also finds that, in recognition of the  
7 critical importance of protecting and perpetuating the  
8 traditional practice of taro farming as part of Hawaii's  
9 cultural identity and its role in local food security, there  
10 is a compelling interest in enacting a law in present day that  
11 is similar to Senate Bill No. 87. Additionally, an acreage  
12 and income cap is a more effective threshold than a timeframe  
13 for a proposed tax exemption where one of the goals is to  
14 increase overall local taro production.

15 The purpose of this Act is to create stronger economic  
16 incentives for new taro farmers, improve the livelihoods of  
17 existing taro farmers, and reduce the cost of poi for local  
18 families by exempting taro production from state income taxes.

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



1           "§235-    Taro cultivation and production; exemption.  
2 Except as provided in sections 235-61 to 235-67 relating to  
3 withholding and collection of tax at source, and section 235-2.4  
4 relating to "unrelated business taxable income", persons engaged  
5 in the business of taro cultivation and production of  
6 value-added taro products shall not be taxable under this  
7 chapter.

8           As it relates to persons engaged in the business of taro  
9 cultivation and production of value-added taro products, the  
10 following shall not be taxable under this chapter:

11           (1) Taro plants; taro corm; leaf; and huli for taro farms  
12               or portions of farms dedicated to taro plants, taro  
13               corm, leaf, and huli;

14           (2) Taro lands planted with taro, including fallow  
15               rotation lands specifically for taro production of  
16               less than or equal acreage to lands in active taro  
17               production by each individual grower; and

18           (3) Preparations of taro, poi, and value-added products  
19               produced with taro exclusively sourced from taro grown  
20               in the State;



# H.B. NO. 2466

1 provided that up to the first \$100,000 of gross income per  
2 individual, farm, poi mill, or business shall not be taxable  
3 under this chapter; provided further that this exemption shall  
4 not apply if at any time during the year the total amount of  
5 land for locally grown taro in the State surpasses thirty  
6 thousand acres, as determined by the department of agriculture."

7 SECTION 3. New statutory material is underscored.

8 SECTION 4. This Act, upon its approval, shall apply to  
9 taxable years beginning after December 31, 2021.

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INTRODUCED BY:



JAN 26 2022



# H.B. NO. 2466

**Report Title:**

Taro; Income Tax; Exemption

**Description:**

Establishes an exemption from state income tax for the first \$100,000 of income derived from taro, taro products, and land used to produce taro if the total amount of land used to cultivate taro in Hawaii does not exceed thirty thousand acres at any point in the year.

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