
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that Hawaii imports an
2 estimated eighty-five to ninety per cent of its food supply,
3 with approximately only a five to seven day food supply at any
4 time. The COVID-19 pandemic brought Hawaii close to a food
5 crisis, when shipment of food was delayed from the closure of
6 ports. According to a report conducted by the Department of
7 Business, Economic Development and Tourism in 2012, replacing
8 only ten per cent of the food the State imports would amount to
9 approximately \$313 million in savings for the State. The U.S.
10 Department of Agriculture's Census of Agriculture, found that
11 Hawaii has lost about ten per cent of its farms from 2017-2022.
12 The census found that there were just under six thousand six
13 hundred operating farms in Hawaii, which has been the lowest
14 number of individual farms in the State in two decades.

15 Hawaii farmers and ranchers are also bracing for the
16 uncertainty of federal policy changes, geographical isolation,
17 and rising costs. According to the Oahu Resource Conservation



1 and Development Council, Hawaii could face up to \$175 million in
2 potential agricultural funding cuts, with \$64.7 million already
3 confirmed as halted or withdrawn since March. This coupled with
4 the statistic that one in three Hawaii families are food
5 insecure, with ten per cent of households going without food for
6 whole days, some or most months of the year could be disastrous
7 for the State. Therefore, the purpose of this Act is to:

8 (1) Establish the Hawaii Farm TEAM Card Program; and

9 (2) Temporarily remove the general excise tax on
10 agricultural materials.

11 SECTION 2. Chapter 141, Hawaii Revised Statutes, is
12 amended by adding three new sections to be appropriately
13 designated and to read as follows:

14 "§141- Hawaii Farm TEAM Card Program. (a) There is
15 established the Hawaii farm TEAM card program, by the department
16 of agriculture and biodiversity and the department of taxation.
17 The department of agriculture and biodiversity shall be
18 responsible for:

19 (1) Establishing and administering the application process
20 for the Hawaii farm TEAM card;



1 (2) Determining initial eligibility of applicants as
2 qualified farmers pursuant to this section;

3 (3) Issuing, renewing, suspending, or revoking farm TEAM
4 cards based on eligibility criteria adopted by rule,
5 including upon a determination by the Department of
6 Taxation that a cardholder has misused the exemption;
7 and

8 (4) Maintaining records of cardholders and sharing such
9 information with the Department of Taxation as
10 necessary for enforcement and oversight.

11 (b) The department of taxation shall be responsible for:

12 (1) Administering and enforcing the general excise tax
13 exemptions claimed through use of the Hawaii farm TEAM
14 card;

15 (2) Auditing cardholders and transactions for compliance
16 with this chapter;

17 (3) Assessing and collecting any taxes, penalties, or
18 interest resulting from misuse or improper use of the
19 Hawaii farm TEAM card; and



1 (4) Adopting rules pursuant to chapter 91 to implement tax
2 administration and enforcement related to the Hawaii
3 farm TEAM card.

4 (c) The department of agriculture and the department of
5 taxation shall coordinate and may enter into memoranda of
6 understanding to:

7 (1) Share information necessary to verify eligibility and
8 compliance;

9 (2) Establish procedures for referral of suspected misuse
10 or fraud; and

11 (3) Ensure efficient administration of the Hawaii farm
12 TEAM card program.

13 (d) Nothing in this section shall be construed to limit
14 the authority of the Department of Taxation to audit or enforce
15 the tax laws of the State, or the authority of the Department of
16 Agriculture to establish eligibility standards consistent with
17 this section.

18 (e) The department of agriculture and biosecurity shall
19 accept Hawaii farm TEAM card applications beginning on January
20 1, 2027.



1 §141- Hawaii farm TEAM card misuse, penalties, and
2 recertification. (a) Agricultural materials purchased that are
3 exempt from the general excise tax through use of the Hawaii
4 farm TEAM card shall be used solely for agricultural production
5 by the qualified farmer to whom the card is issued. No
6 cardholder shall:

7 (1) Resell or transfer agricultural materials purchased
8 under the exemption to any other person;

9 (2) Use agricultural materials purchased under the
10 exemption for nonagricultural or personal purposes; or

11 (3) Allow any other person to use the Hawaii farm TEAM
12 card or claim the exemption on the cardholder's
13 behalf.

14 (b) Any cardholder that improperly claims an exemption or
15 misuses the Hawaii farm TEAM card shall be:

16 (1) Liable for payment of all general excise taxes due on
17 the improperly claimed exemptions;

18 (2) Subject to penalties and interest and provided under
19 sections 231-39 and 231-40, as applicable; and



1 (3) Subject to suspension or revocation of the Hawaii farm
2 TEAM card as determined by the Department of
3 Agriculture.

4 The penalties imposed under this section shall be in additional
5 to any penalties or remedies available under applicable law.

6 (c) Each Hawaii farm TEAM card shall be valid for a period
7 not to exceed three years, unless earlier suspended or revoked.

8 To maintain eligibility, a cardholder shall recertify
9 eligibility at least once every three years, in a manner

10 prescribed by the Department of Agriculture by rule, which may
11 include verification of:

12 (1) Continued engagement in agricultural production;

13 (2) Compliance with the requirements of this section; and

14 (3) Any additional information reasonably necessary to
15 determine continued eligibility.

16 (d) Nothing in this section shall be construed to limit the
17 authority of the department of taxation to audit, assess, or
18 collect taxes, penalties, or interest pursuant to this chapter.

19 **§141- Hawaii farm TEAM card program review and report.**

20 (a) The department of agriculture and biodiversity, in
21 consultation with the department of taxation, shall conduct a



1 comprehensive review of the Hawaii farm TEAM card program
2 established under this section.

3 (b) The review shall evaluate, to the extent practicable:

4 (1) The number of Hawaii farm TEAM cards issues, renewed,
5 suspended, or revoked;

6 (2) The categories and estimated value agricultural
7 materials purchased using the Hawaii farm TEAM card;

8 (3) The estimated general excise tax revenue foregone as a
9 result of the exemptions claimed through the program;

10 (4) The extent to which the program has reduced input
11 costs for farmers and supported agricultural
12 production within the State;

13 (5) Any instances of misuse, abuse, or fraud identified,
14 and the enforcement actions taken; and

15 (6) Whether modifications to eligibility criteria, exempt
16 materials, administrative procedures, or enforcement
17 mechanisms are warranted.

18 (c) No later than five years after the effective date of
19 this Act, the department of agriculture and biodiversity shall
20 submit a written report of its findings and recommendations,



1 including any proposed statutory or administrative changes, to
2 the legislature.

3 (d) The report required under this section shall be
4 submitted to the appropriate standing committees of the
5 legislature and made available to the public

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

9 **"§237- Exemption for certain purchases of agricultural**
10 **materials.** (a) There shall be exempted from the taxes imposed
11 by this chapter on all of the gross proceeds arising from the
12 sale of agricultural materials to a qualified farmer.

13 (b) The director of taxation shall prepare forms as may be
14 necessary to claim a tax exemption under this section.

15 (c) The director of taxation may adopt rules pursuant to
16 chapter 91 for the purposes of this section.

17 For the purposes of this section:

18 "Qualified farmer" means a person of proven farming ability
19 who operates the person's own farm on land owned by the person
20 in fee or on land rented or leased from others and who is
21 presently devoting, has recently devoted, or intends to devote



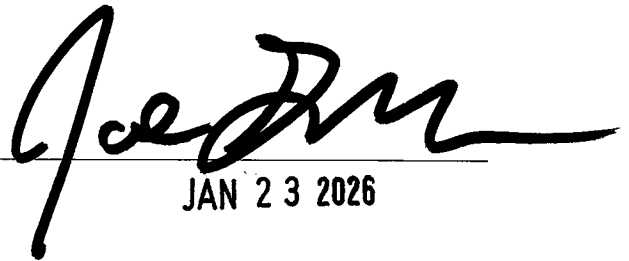
1 most of the person's time or who derives a major portion of the
2 person's net cash income from direct participation in farming in
3 its broadest sense.

4 "Agricultural materials" means farm trailers, irrigation
5 equipment, butane gas, propane gas, natural gas, all other forms
6 of liquefied petroleum gasses, feed, seed, stock, cellophane
7 wrappers, glue for tin and glass (apiarists), mailing cases,
8 shipping cases, window cartons, and bailing wire and tine,
9 cloth, plastic, materials used for shade, disinfectants,
10 fertilizers, insecticides, pesticides, herbicides, fungicides,
11 weed killer, fencing material, hog wire, barbed wire, portable
12 containers, and stakes."

13 SECTION 4. New statutory material is underscored.

14 SECTION 5. This Act shall take effect July 1, 2026.

15
16 INTRODUCED BY: _____



JAN 23 2026



H.B. NO. 2135

Report Title:

GET Exemption; Agriculture; Hawaii Farm TEAM Card; Cost of Living; Penalties

Description:

Establishes the Hawaii Farm TEAM Card Program. Establishes penalties for misuse of the Hawaii Farm TEAM Card program. Eliminates the general excise tax for qualifying agricultural materials.

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

