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# A BILL FOR AN ACT

RELATING TO THE CACAO INDUSTRY.

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

1           SECTION 1. The legislature finds that although the cacao  
2 industry in Hawaii is in its infancy stage with fewer than  
3 thirty growers and a total acreage of approximately fifty acres,  
4 this industry still holds great promise. The University of  
5 Hawaii college of tropical agriculture and human resources has  
6 conducted series of meetings, including the one-day workshop  
7 entitled "Future of Cacao in Hawaii" held on October 23, 2008,  
8 involving key stakeholders in the local cacao industry and  
9 representatives statewide to strategize on methods for  
10 positioning Hawaii in the growing cacao market. Estimates by  
11 the University of Hawaii place the potential growth of cacao  
12 acreage in Hawaii from three hundred fifteen acres up to a high  
13 of three thousand acres.

14           The legislature also finds that although some progress has  
15 been made in promoting Hawaii-grown cacao, additional effort is  
16 needed to accelerate the growth of the cacao industry, increase  
17 the manufacture and supply of locally grown cacao, and promote  
18 its use and products.



1           The legislature further finds that the department of  
2 agriculture submitted its findings to the legislature on how to  
3 expedite the production and delivery of Hawaii-grown cacao to  
4 the marketplace in December 2009, and that the report clearly  
5 showed the growth potential and profitability of this niche  
6 diversified agriculture industry.

7           The purpose of this Act is to adopt some of the  
8 recommendations of the December 2009 report, "A Report to  
9 Expedite the Production and Delivery of Hawaii Cacao to the  
10 Marketplace".

11           SECTION 2. Section 237-24, Hawaii Revised Statutes, is  
12 amended to read as follows:

13           "**§237-24 Amounts not taxable.** This chapter shall not  
14 apply to the following amounts:

- 15           (1) Amounts received under life insurance policies and  
16           contracts paid by reason of the death of the insured;
- 17           (2) Amounts received (other than amounts paid by reason of  
18           death of the insured) under life insurance, endowment,  
19           or annuity contracts, either during the term or at  
20           maturity or upon surrender of the contract;
- 21           (3) Amounts received under any accident insurance or  
22           health insurance policy or contract or under workers'



- 1 compensation acts or employers' liability acts, as  
2 compensation for personal injuries, death, or  
3 sickness, including also the amount of any damages or  
4 other compensation received, whether as a result of  
5 action or by private agreement between the parties on  
6 account of the personal injuries, death, or sickness;
- 7 (4) The value of all property of every kind and sort  
8 acquired by gift, bequest, or devise, and the value of  
9 all property acquired by descent or inheritance;
- 10 (5) Amounts received by any person as compensatory damages  
11 for any tort injury to the person, or to the person's  
12 character reputation, or received as compensatory  
13 damages for any tort injury to or destruction of  
14 property, whether as the result of action or by  
15 private agreement between the parties (provided that  
16 amounts received as punitive damages for tort injury  
17 or breach of contract injury shall be included in  
18 gross income);
- 19 (6) Amounts received as salaries or wages for services  
20 rendered by an employee to an employer;
- 21 (7) Amounts received as alimony and other similar payments  
22 and settlements;



- 1 (8) Amounts collected by distributors as fuel taxes on  
2 "liquid fuel" imposed by chapter 243, and the amounts  
3 collected by such distributors as a fuel tax imposed  
4 by any Act of the Congress of the United States;
- 5 (9) Taxes on liquor imposed by chapter 244D on dealers  
6 holding permits under that chapter;
- 7 (10) The amounts of taxes on cigarettes and tobacco  
8 products imposed by chapter 245 on wholesalers or  
9 dealers holding licenses under that chapter and  
10 selling the products at wholesale;
- 11 (11) Federal excise taxes imposed on articles sold at  
12 retail and collected from the purchasers thereof and  
13 paid to the federal government by the retailer;
- 14 (12) The amounts of federal taxes under chapter 37 of the  
15 Internal Revenue Code, or similar federal taxes,  
16 imposed on sugar manufactured in the State, paid by  
17 the manufacturer to the federal government;
- 18 (13) An amount up to, but not in excess of, \$2,000 a year  
19 of gross income received by any blind, deaf, or  
20 totally disabled person engaging, or continuing, in  
21 any business, trade, activity, occupation, or calling  
22 within the State; a corporation all of whose



1 outstanding shares are owned by an individual or  
2 individuals who are blind, deaf, or totally disabled;  
3 a general, limited, or limited liability partnership,  
4 all of whose partners are blind, deaf, or totally  
5 disabled; or a limited liability company, all of whose  
6 members are blind, deaf, or totally disabled;

7 (14) Amounts received by a producer of sugarcane from the  
8 manufacturer to whom the producer sells the sugarcane,  
9 where:

10 (A) The producer is an independent cane farmer, so  
11 classed by the Secretary of Agriculture under the  
12 Sugar Act of 1948 (61 Stat. 922, Chapter 519) as  
13 the Act may be amended or supplemented;

14 (B) The value or gross proceeds of the sale of the  
15 sugar, and other products manufactured from the  
16 sugarcane, are included in the measure of the tax  
17 levied on the manufacturer under section 237-  
18 13(1) or (2);

19 (C) The producer's gross proceeds of sales are  
20 dependent upon the actual value of the products  
21 manufactured therefrom or the average value of



- 1           all similar products manufactured by the  
2           manufacturer; and
- 3           (D) The producer's gross proceeds of sales are  
4           reduced by reason of the tax on the value or sale  
5           of the manufactured products;
- 6           (15) Money paid by the State or eleemosynary child-placing  
7           organizations to foster parents for their care of  
8           children in foster homes;
- 9           (16) Amounts received by a cooperative housing corporation  
10          from its shareholders in reimbursement of funds paid  
11          by the corporation for lease rental, real property  
12          taxes, and other expenses of operating and maintaining  
13          the cooperative land and improvements; provided that  
14          the cooperative corporation is a corporation:
- 15          (A) Having one and only one class of stock  
16          outstanding;
- 17          (B) Each of the stockholders of which is entitled  
18          solely by reason of the stockholder's ownership  
19          of stock in the corporation, to occupy for  
20          dwelling purposes a house, or an apartment in a  
21          building owned or leased by the corporation; and



1 (C) No stockholder of which is entitled (either  
2 conditionally or unconditionally) to receive any  
3 distribution not out of earnings and profits of  
4 the corporation except in a complete or partial  
5 liquidation of the corporation; ~~and~~

6 (17) Amounts received by a managed care support contractor  
7 of the TRICARE program that is established under Title  
8 10 United States Code chapter 55, as amended, for the  
9 actual cost or advancement to third party health care  
10 providers pursuant to a contract with the United  
11 States[-]; and

12 (18) Amounts received for the sale of cacao from a producer  
13 or processed cacao from a processor."

14 SECTION 3. The department of agriculture shall collaborate  
15 with the department of business, economic development, and  
16 tourism and the department of land and natural resources to  
17 determine the best locations for a cacao processing facility  
18 with a processing capacity of ten thousand to fifteen thousand  
19 pounds of cacao beans per annum on Oahu. The department of  
20 agriculture shall transmit its findings and recommendations to  
21 the legislature no later than twenty days prior to the convening  
22 of the 2012 regular session.



1 SECTION 4. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect upon its approval;  
4 provided that this Act shall apply to gross income or gross  
5 proceeds received after December 31, 2012, and before January 1,  
6 2018.





**Report Title:**

Cacao

**Description:**

Temporarily exempting from the general excise tax (GET) amounts received for the sale of cacao from a producer or processed cacao from a processor. Requires the Department of Agriculture to collaborate with other state agencies to determine the best locations for a cacao processing facility. (HB1598 HD1)

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

