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

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



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

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

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

12 "**§237-24 Amounts not taxable.** This chapter shall not
13 apply to the following amounts:

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



1 compensation for personal injuries, death, or
2 sickness, including also the amount of any damages or
3 other compensation received, whether as a result of
4 action or by private agreement between the parties on
5 account of the personal injuries, death, or sickness;

6 (4) The value of all property of every kind and sort
7 acquired by gift, bequest, or devise, and the value of
8 all property acquired by descent or inheritance;

9 (5) Amounts received by any person as compensatory damages
10 for any tort injury to the person, or to the person's
11 character reputation, or received as compensatory
12 damages for any tort injury to or destruction of
13 property, whether as the result of action or by
14 private agreement between the parties (provided that
15 amounts received as punitive damages for tort injury
16 or breach of contract injury shall be included in
17 gross income);

18 (6) Amounts received as salaries or wages for services
19 rendered by an employee to an employer;

20 (7) Amounts received as alimony and other similar payments
21 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 report its findings and recommendations to the
21 legislature no later than twenty days prior to the convening of
22 the regular session of 2012.



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 on July 1, 2030;
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; provided that the amendments made by section 2 of this Act
7 to section 237-24, Hawaii Revised Statutes, shall not be
8 repealed when section 237-24, Hawaii Revised Statutes, is
9 repealed and reenacted on December 31, 2013, pursuant to section
10 4 of Act 70, Session Laws of Hawaii 2009.



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. Effective July 1, 2030. (HB1598 HD2)

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

