
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 on one island of this State
9 to a person, firm, or organization on another island
10 of this State. The terms "agricultural commodity",
11 "producer", and "produce dealer" shall be defined in
12 the same manner as they are defined in section 147-1;
13 provided that agricultural commodities need not have
14 been produced in the State[+]. For purposes of this
15 paragraph:

16 "Agricultural commodity" shall include:

17 (A) Beef and beef carcasses; goat meat and goat
18 carcasses; lamb meat and lamb carcasses; sheep



1 meat and sheep carcasses; swine meat and swine
2 carcasses; milk; eggs; or poultry meat and
3 poultry carcasses to be consumed in the State,
4 whether processed in the State or imported; and

5 (B) Aquaculture or aquaponic products to be consumed
6 in the State, whether processed in the State or
7 imported;

8 "Aquaculture products" means commercial products
9 that are a result of or derived from the propagation,
10 cultivation, or farming of aquatic plants and animals
11 in controlled or selected environments for commercial
12 purposes or authorized stock enhancement purposes; and

13 "Aquaponics products" means commercial products
14 that are a result of or derived from the propagation,
15 cultivation, or farming of plants and aquatic animals
16 in controlled or selected production systems that
17 combine aquaculture with hydroponics in a symbiotic
18 relationship for commercial purposes;

19 (2) Amounts received from sales of:

20 (A) Intoxicating liquor as the term "liquor" is
21 defined in chapter 244D;



- 1 (B) Cigarettes and tobacco products as defined in
2 chapter 245; and
- 3 (C) Agricultural, meat, or fish products;
4 to any person or common carrier in interstate or
5 foreign commerce, or both, whether ocean-going or air,
6 for consumption out-of-state on the shipper's vessels
7 or airplanes;
- 8 (3) Amounts received by the manager, submanager, or board
9 of directors of:
- 10 (A) An association of owners of a condominium
11 property regime established in accordance with
12 chapter 514A or 514B; or
- 13 (B) A nonprofit homeowners or community association
14 incorporated in accordance with chapter 414D or
15 any predecessor thereto and existing pursuant to
16 covenants running with the land,
17 in reimbursement of sums paid for common expenses;
- 18 (4) Amounts received or accrued from:
- 19 (A) The loading or unloading of cargo from ships,
20 barges, vessels, or aircraft, whether or not the
21 ships, barges, vessels, or aircraft travel



1 between the State and other states or countries
2 or between the islands of the State;

3 (B) Tugboat services including pilotage fees
4 performed within the State, and the towage of
5 ships, barges, or vessels in and out of state
6 harbors, or from one pier to another; and

7 (C) The transportation of pilots or governmental
8 officials to ships, barges, or vessels offshore;
9 rigging gear; checking freight and similar
10 services; standby charges; and use of moorings
11 and running mooring lines;

12 (5) Amounts received by an employee benefit plan by way of
13 contributions, dividends, interest, and other income;
14 and amounts received by a nonprofit organization or
15 office, as payments for costs and expenses incurred
16 for the administration of an employee benefit plan;
17 provided that this exemption shall not apply to any
18 gross rental income or gross rental proceeds received
19 after June 30, 1994, as income from investments in
20 real property in this State; and provided further that
21 gross rental income or gross rental proceeds from
22 investments in real property received by an employee



1 benefit plan after June 30, 1994, under written
2 contracts executed prior to July 1, 1994, shall not be
3 taxed until the contracts are renegotiated, renewed,
4 or extended, or until after December 31, 1998,
5 whichever is earlier. For the purposes of this
6 paragraph, "employee benefit plan" means any plan as
7 defined in section 1002(3) of title 29 of the United
8 States Code, as amended;

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

16 (7) Amounts received by a hospital, infirmary, medical
17 clinic, health care facility, pharmacy, or a
18 practitioner licensed to administer the drug to an
19 individual for selling prescription drugs or
20 prosthetic devices to an individual; provided that
21 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; and

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



- 1 (8) Taxes on transient accommodations imposed by chapter
- 2 237D and passed on and collected by operators holding
- 3 certificates of registration under that chapter;
- 4 (9) Amounts received as dues by an unincorporated
- 5 merchants association from its membership for
- 6 advertising media, promotional, and advertising costs
- 7 for the promotion of the association for the benefit
- 8 of its members as a whole and not for the benefit of
- 9 an individual member or group of members less than the
- 10 entire membership;
- 11 (10) Amounts received by a labor organization for real
- 12 property leased to:
- 13 (A) A labor organization; or
- 14 (B) A trust fund established by a labor organization
- 15 for the benefit of its members, families, and
- 16 dependents for medical or hospital care, pensions
- 17 on retirement or death of employees,
- 18 apprenticeship and training, and other membership
- 19 service programs.
- 20 As used in this paragraph, "labor organization" means
- 21 a labor organization exempt from federal income tax



1 under section 501(c)(5) of the Internal Revenue Code,
2 as amended;

3 (11) Amounts received from foreign diplomats and consular
4 officials who are holding cards issued or authorized
5 by the United States Department of State granting them
6 an exemption from state taxes; and

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

17 SECTION 2. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 3. This Act shall take effect on July 1, 2050.



Report Title:

Agriculture; Agricultural Commodities; General Excise Tax

Description:

Adds to the definition of agricultural commodities exempt from the general excise tax on amounts received for the unloading, transportation, and loading of such commodities: beef and beef carcasses; goat meat and goat carcasses; lamb meat and lamb carcasses; sheep meat and sheep carcasses; swine meat and swine carcasses; milk; eggs; poultry meat and poultry carcasses; and aquaculture and aquaponic products to be consumed in the State, whether processed in the State or imported. Effective July 1, 2050. (SB595 HD2)

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