

JAN 24 2013

A BILL FOR AN ACT

RELATING TO THE GENERAL EXCISE TAX.

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

1 SECTION 1. The legislature finds that the general excise
2 tax rate assessed on the proceeds of large farming operations
3 that sell agricultural products at wholesale to restaurants and
4 markets is one-half of one per cent. Agricultural producers
5 that ship their products for sale outside of the State are also
6 assessed the one-half of one per cent general excise tax rate.
7 However, smaller farming operations that sell agricultural
8 products directly to consumers within the State are assessed a
9 four per cent general excise tax.

10 The legislature also finds that reducing the general excise
11 tax rate assessed on smaller farming operations would provide
12 farmers with an incentive to sell directly to the public,
13 thereby providing the public with fresher produce and a more
14 secure food supply. The legislature further finds that
15 promoting the sale of agricultural products directly to
16 consumers would help build support for the State's food
17 sustainability and food security efforts, as well as help to
18 facilitate "buy local" efforts.



1 The purpose of this Act is to provide that the general
2 excise tax on sales of agricultural products by farmers to
3 consumers within the State shall be assessed at the same rate as
4 agricultural producers that ship their products for sale outside
5 of the State.

6 SECTION 2. 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- Assessment on sales of agricultural products.

10 (a) Any other provision of the law to the contrary
11 notwithstanding, the levy and assessment of the general excise
12 tax on the gross proceeds from the sale of agricultural products
13 by farmers to consumers within the State, shall be made at the
14 rate assessed producers, under section 237-13(2) (A).

15 (b) For the purposes of this section:

16 "Agricultural products" include floricultural,
17 horticultural, viticultural, forestry, nut, coffee, dairy,
18 livestock, poultry, bee, animal, and any other farm, agronomic,
19 or plantation products.

20 "Farmer" means any person engaged in the business of
21 raising and producing agricultural products in their natural
22 state, or in producing natural resource products, or engaged in



1 the business of fishing or aquaculture, for sale, within the
2 State, of the agricultural or aquaculture products in their
3 natural or processed state, or butchered and dressed, or the
4 natural resource products, or fish."

5 SECTION 3. New statutory material is underscored.

6 SECTION 4. This Act shall take effect on July 1, 2013.

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INTRODUCED BY:

Clemente

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Franco Chun

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Report Title:

General Excise Tax; Farmers

Description:

Provides that the general excise tax on sales of agricultural products by farmers to consumers within the State shall be assessed at the same rate as producers.

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

