
A BILL FOR AN ACT

RELATING TO KALO.

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

1 SECTION 1. The legislature finds that kalo (*Colocasia*
2 *esculenta*), also known as the taro plant, is a culturally
3 significant plant to the State. The great seal of the State
4 includes depictions of eight kalo leaves and kalo is statutorily
5 designated as the state plant. The office of Hawaiian affairs
6 is statutorily authorized to specifically seek available
7 federal, state, county, or private funding to restore kalo and
8 lo'i cultivation. One of the agricultural objectives of the
9 Hawaii state plan is to perpetuate, promote, and increase use of
10 traditional Hawaiian farming systems, such as the use of loko
11 i'a, māla, and irrigated lo'i, and growth of traditional Hawaiian
12 crops, such as kalo.

13 The purpose of this Act is to:

14 (1) Exempt kalo marketing sites established by kalo farm
15 cooperatives from any state or county laws regulating
16 zoning and permissible land use;



- 1 (2) Make protection of kalo farming as a cultural activity
- 2 an agricultural planning objective of the State;
- 3 (3) Exempt income up to \$75,000 received by a kalo
- 4 manufacturer or producer for items or activities
- 5 exempt from the general excise tax from state income
- 6 tax; and
- 7 (4) Exempt amounts received by a kalo producer or kalo
- 8 manufacturer for sale of kalo and kalo products, use
- 9 of land for kalo farming, and other activities
- 10 directly related to kalo production or manufacturing
- 11 from the general excise tax.

12 SECTION 2. Chapter 46, Hawaii Revised Statutes, is amended
 13 by adding a new section to be appropriately designated and to
 14 read as follows:

15 "§46- Kalo farm cooperative; zoning exemption; kalo
 16 marketing sites. (a) Notwithstanding any state or county law
 17 to the contrary, a location of a kalo marketing site established
 18 by a kalo farm cooperative shall be permitted in any zoning
 19 district. No conditional use permit, variance, or special
 20 exception shall be required for the kalo marketing site.

21 (b) As used in this section:



1 "Kalo" means taro (*Colocasia esculenta*).

2 "Kalo farm cooperative" means an association of kalo
3 farmers organized under chapter 421."

4 SECTION 3. Section 226-7, Hawaii Revised Statutes, is
5 amended by amending subsection (a) to read as follows:

6 "(a) Planning for the State's economy with regard to
7 agriculture shall be directed [~~towards~~] toward achievement of
8 the following objectives:

9 (1) Viability of Hawaii's sugar and pineapple industries.

10 (2) Growth and development of diversified agriculture
11 throughout the State.

12 (3) An agriculture industry that continues to constitute a
13 dynamic and essential component of Hawaii's strategic,
14 economic, and social well-being.

15 (4) Protection of kalo (*Colocasia esculenta*) farming as a
16 cultural activity."

17 SECTION 4. Section 235-7, Hawaii Revised Statutes, is
18 amended by amending subsection (a) to read as follows:

19 "(a) There shall be excluded from gross income, adjusted
20 gross income, and taxable income:



- 1 (1) Income not subject to taxation by the State under the
2 Constitution and laws of the United States;
- 3 (2) Rights, benefits, and other income exempted from
4 taxation by section 88-91, having to do with the state
5 retirement system, and the rights, benefits, and other
6 income, comparable to the rights, benefits, and other
7 income exempted by section 88-91, under any other
8 public retirement system;
- 9 (3) Any compensation received in the form of a pension for
10 past services;
- 11 (4) Compensation paid to a patient affected with Hansen's
12 disease employed by the State or the United States in
13 any hospital, settlement, or place for the treatment
14 of Hansen's disease;
- 15 (5) Except as otherwise expressly provided, payments made
16 by the United States or this State, under an act of
17 Congress or a law of this State, which by express
18 provision or administrative regulation or
19 interpretation are exempt from both the normal and
20 surtaxes of the United States, even though not so
21 exempted by the Internal Revenue Code itself;



- 1 (6) Any income expressly exempted or excluded from the
2 measure of the tax imposed by this chapter by any
3 other law of the State, it being the intent of this
4 chapter not to repeal or supersede any express
5 exemption or exclusion;
- 6 (7) Income received by each member of the reserve
7 components of the Army, Navy, Air Force, Marine Corps,
8 or Coast Guard of the United States of America, and
9 the Hawaii National Guard as compensation for
10 performance of duty, equivalent to pay received for
11 forty-eight drills (equivalent of twelve weekends) and
12 fifteen days of annual duty, at an:
- 13 (A) E-1 pay grade after eight years of service;
14 provided that this subparagraph shall apply to
15 taxable years beginning after December 31, 2004;
- 16 (B) E-2 pay grade after eight years of service;
17 provided that this subparagraph shall apply to
18 taxable years beginning after December 31, 2005;
- 19 (C) E-3 pay grade after eight years of service;
20 provided that this subparagraph shall apply to
21 taxable years beginning after December 31, 2006;



- 1 (D) E-4 pay grade after eight years of service;
- 2 provided that this subparagraph shall apply to
- 3 taxable years beginning after December 31, 2007;
- 4 and
- 5 (E) E-5 pay grade after eight years of service;
- 6 provided that this subparagraph shall apply to
- 7 taxable years beginning after December 31, 2008;
- 8 (8) Income derived from the operation of ships or aircraft
- 9 if the income is exempt under the Internal Revenue
- 10 Code pursuant to the provisions of an income tax
- 11 treaty or agreement entered into by and between the
- 12 United States and a foreign country; provided that the
- 13 tax laws of the local governments of that country
- 14 reciprocally exempt from the application of all of
- 15 their net income taxes, the income derived from the
- 16 operation of ships or aircraft that are documented or
- 17 registered under the laws of the United States;
- 18 (9) The value of legal services provided by a legal
- 19 service plan to a taxpayer, the taxpayer's spouse, and
- 20 the taxpayer's dependents;



- 1 (10) Amounts paid, directly or indirectly, by a legal
2 service plan to a taxpayer as payment or reimbursement
3 for the provision of legal services to the taxpayer,
4 the taxpayer's spouse, and the taxpayer's dependents;
- 5 (11) Contributions by an employer to a legal service plan
6 for compensation (through insurance or otherwise) to
7 the employer's employees for the costs of legal
8 services incurred by the employer's employees, their
9 spouses, and their dependents;
- 10 (12) Amounts received in the form of a monthly surcharge by
11 a utility acting on behalf of an affected utility
12 under section 269-16.3; provided that amounts retained
13 by the acting utility for collection or other costs
14 shall not be included in this exemption;
- 15 (13) Amounts received in the form of a cable surcharge by
16 an electric utility company acting on behalf of a
17 certified cable company under section 269-134;
18 provided that any amounts retained by that electric
19 utility company for collection or other costs shall
20 not be included in this exemption; [and]



1 (14) One hundred per cent of the gain realized by a fee
 2 simple owner from the sale of a leased fee interest in
 3 units within a condominium project, cooperative
 4 project, or planned unit development to the
 5 association of owners under chapter 514A or 514B, or
 6 the residential cooperative corporation of the
 7 leasehold units.

8 For purposes of this paragraph:

9 "Fee simple owner" shall have the same meaning as
 10 provided under section 516-1; provided that it shall
 11 include legal and equitable owners;

12 "Legal and equitable owner", and "leased fee
 13 interest" shall have the same meanings as provided
 14 under section 516-1; and

15 "Condominium project" and "cooperative project"
 16 shall have the same meanings as provided under section
 17 514C-1 [-] i and

18 (15) Income up to \$75,000 received by a taro manufacturer
 19 or producer for items or activities exempt from the
 20 general excise tax pursuant to section 237-24(19) or
 21 237-24(20)."



1 SECTION 5. Section 237-1, Hawaii Revised Statutes, is
2 amended by adding a new definition to be appropriately inserted
3 and to read as follows:

4 ""Kalo" means taro (*Colocasia esculenta*)."

5 SECTION 6. Section 237-24, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "§237-24 Amounts not taxable. This chapter shall not
8 apply to the following amounts:

- 9 (1) Amounts received under life insurance policies and
10 contracts paid by reason of the death of the insured;
- 11 (2) Amounts received (other than amounts paid by reason of
12 death of the insured) under life insurance, endowment,
13 or annuity contracts, either during the term or at
14 maturity or upon surrender of the contract;
- 15 (3) Amounts received under any accident insurance or
16 health insurance policy or contract or under workers'
17 compensation acts or employers' liability acts, as
18 compensation for personal injuries, death, or
19 sickness, including also the amount of any damages or
20 other compensation received, whether as a result of



- 1 action or by private agreement between the parties on
2 account of the personal injuries, death, or sickness;
- 3 (4) The value of all property of every kind and sort
4 acquired by gift, bequest, or devise, and the value of
5 all property acquired by descent or inheritance;
- 6 (5) Amounts received by any person as compensatory damages
7 for any tort injury to the person, or to the person's
8 character reputation, or received as compensatory
9 damages for any tort injury to or destruction of
10 property, whether as the result of action or by
11 private agreement between the parties (provided that
12 amounts received as punitive damages for tort injury
13 or breach of contract injury shall be included in
14 gross income);
- 15 (6) Amounts received as salaries or wages for services
16 rendered by an employee to an employer;
- 17 (7) Amounts received as alimony and other similar payments
18 and settlements;
- 19 (8) Amounts collected by distributors as fuel taxes on
20 "liquid fuel" imposed by chapter 243, and the amounts



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



1 individuals who are blind, deaf, or totally disabled;
2 a general, limited, or limited liability partnership,
3 all of whose partners are blind, deaf, or totally
4 disabled; or a limited liability company, all of whose
5 members are blind, deaf, or totally disabled;

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

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

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

18 (C) The producer's gross proceeds of sales are
19 dependent upon the actual value of the products
20 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;
- 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 by a contractor of the Patient-
- 13 Centered Community Care program that is established by
- 14 the United States Department of Veterans Affairs
- 15 pursuant to title 38 United States Code section 8153,
- 16 as amended, for the actual costs or advancements to
- 17 third party health care providers pursuant to a
- 18 contract with the United States[-];
- 19 (19) Amounts received by a manufacturer for compounding,
- 20 canning, preserving, packing, milling, processing,
- 21 refining, or preparing kalo for sale, profit, or



1 commercial use, either directly or through the
 2 activity of others; and
 3 (20) Amounts received by a producer for the sale of kalo or
 4 kalo products, for the shipment or transportation of
 5 kalo or kalo products out of the State, for the use of
 6 land for kalo farming, or for any other activity
 7 directly related to the production of kalo."

8 SECTION 7. Statutory material to be repealed is bracketed
 9 and stricken. New statutory material is underscored.

10 SECTION 8. This Act shall take effect on July 1, 2050;
 11 provided that:

12 (1) Sections 4 and 6 of this Act shall apply to taxable
 13 years beginning after December 31, 2016;

14 (2) The amendments made to section 235-7(a), Hawaii
 15 Revised Statutes, by section 4 of this Act, shall not
 16 be repealed when that section is reenacted on January
 17 1, 2018, pursuant to section 3 of Act 166, Session
 18 Laws of Hawaii 2007, as amended by Act 220, Session
 19 Laws of Hawaii 2012; and

20 (3) The amendments made to section 237-24, Hawaii Revised
 21 Statutes, by section 6 of this Act, shall not be



1 repealed when that section is reenacted on December
2 31, 2018, pursuant to section 4 of Act 70, Session
3 Laws of Hawaii 2009, as amended by Act 164, Session
4 Laws of Hawaii 2013.



Report Title:

Kalo Farming; Protected Cultural Activity; Zoning; Tax Exemption

Description:

Exempts kalo farm cooperative marketing sites from county zoning restrictions. Makes protection of kalo farming an agricultural planning objective of the State. Establishes Income Tax and GET exemptions for taro production and manufacturing. (HB1844 HD1)

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

