
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 taro 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 taro cooperatives from any state or county laws
15 regulating kalo marketing sites;
- 16 (2) Designate kalo farming as a protected cultural
17 activity;



- 1 (3) Exempt up to \$75,000 from income tax for income
- 2 derived from kalo products, land used for kalo
- 3 farming, and activities directly related to kalo; and
- 4 (4) Exempt from the general excise tax amounts received
- 5 from kalo products, lands used for kalo farming, and
- 6 activities directly related to kalo.

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

10 "§46- Kalo farm cooperative; zoning exemption; kalo
11 marketing sites. (a) Notwithstanding any state or county law
12 to the contrary, for the purpose of zoning, a location of a kalo
13 marketing site established by a kalo farm cooperative shall be
14 permitted. No conditional use permit, variance, or special
15 exception shall be required for the kalo marketing site.

16 (b) As used in this section:

17 "Kalo" means taro (Colocasia esculenta).

18 "Kalo farm cooperative" means an association of kalo
19 farmers organized under chapter 421."

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



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

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

5 (2) Growth and development of diversified agriculture
6 throughout the State.

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

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

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

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

16 (1) Income not subject to taxation by the State under the
17 Constitution and laws of the United States;

18 (2) Rights, benefits, and other income exempted from
19 taxation by section 88-91, having to do with the state
20 retirement system, and the rights, benefits, and other
21 income, comparable to the rights, benefits, and other



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



1 (7) Income received by each member of the reserve
2 components of the Army, Navy, Air Force, Marine Corps,
3 or Coast Guard of the United States of America, and
4 the Hawaii National Guard as compensation for
5 performance of duty, equivalent to pay received for
6 forty-eight drills (equivalent of twelve weekends) and
7 fifteen days of annual duty, at an:
8 (A) E-1 pay grade after eight years of service;
9 provided that this subparagraph shall apply to
10 taxable years beginning after December 31, 2004;
11 (B) E-2 pay grade after eight years of service;
12 provided that this subparagraph shall apply to
13 taxable years beginning after December 31, 2005;
14 (C) E-3 pay grade after eight years of service;
15 provided that this subparagraph shall apply to
16 taxable years beginning after December 31, 2006;
17 (D) E-4 pay grade after eight years of service;
18 provided that this subparagraph shall apply to
19 taxable years beginning after December 31, 2007;
20 and



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



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- 1 (11) Contributions by an employer to a legal service plan
2 for compensation (through insurance or otherwise) to
3 the employer's employees for the costs of legal
4 services incurred by the employer's employees, their
5 spouses, and their dependents;
- 6 (12) Amounts received in the form of a monthly surcharge by
7 a utility acting on behalf of an affected utility
8 under section 269-16.3; provided that amounts retained
9 by the acting utility for collection or other costs
10 shall not be included in this exemption;
- 11 (13) Amounts received in the form of a cable surcharge by
12 an electric utility company acting on behalf of a
13 certified cable company under section 269-134;
14 provided that any amounts retained by that electric
15 utility company for collection or other costs shall
16 not be included in this exemption; [~~and~~]
- 17 (14) One hundred per cent of the gain realized by a fee
18 simple owner from the sale of a leased fee interest in
19 units within a condominium project, cooperative
20 project, or planned unit development to the
21 association of owners under chapter 514A or 514B, or



1 the residential cooperative corporation of the
2 leasehold units.

3 For purposes of this paragraph:

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

7 "Legal and equitable owner", and "leased fee
8 interest" shall have the same meanings as provided
9 under section 516-1; and

10 "Condominium project" and "cooperative project"
11 shall have the same meanings as provided under section
12 514C-1 [---]; and

13 (15) Any income up to \$75,000 derived from kalo products,
14 kalo farming, or any activity directly related to
15 kalo. For purposes of this paragraph, "kalo" means
16 taro (*Colocasia esculenta*)."

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

19 "§237-24 Amounts not taxable. This chapter shall not
20 apply to the following amounts:



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- 1 (1) Amounts received under life insurance policies and
2 contracts paid by reason of the death of the insured;
- 3 (2) Amounts received (other than amounts paid by reason of
4 death of the insured) under life insurance, endowment,
5 or annuity contracts, either during the term or at
6 maturity or upon surrender of the contract;
- 7 (3) Amounts received under any accident insurance or
8 health insurance policy or contract or under workers'
9 compensation acts or employers' liability acts, as
10 compensation for personal injuries, death, or
11 sickness, including also the amount of any damages or
12 other compensation received, whether as a result of
13 action or by private agreement between the parties on
14 account of the personal injuries, death, or sickness;
- 15 (4) The value of all property of every kind and sort
16 acquired by gift, bequest, or devise, and the value of
17 all property acquired by descent or inheritance;
- 18 (5) Amounts received by any person as compensatory damages
19 for any tort injury to the person, or to the person's
20 character reputation, or received as compensatory
21 damages for any tort injury to or destruction of



1 property, whether as the result of action or by
2 private agreement between the parties (provided that
3 amounts received as punitive damages for tort injury
4 or breach of contract injury shall be included in
5 gross income);

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

8 (7) Amounts received as alimony and other similar payments
9 and settlements;

10 (8) Amounts collected by distributors as fuel taxes on
11 "liquid fuel" imposed by chapter 243, and the amounts
12 collected by such distributors as a fuel tax imposed
13 by any Act of the Congress of the United States;

14 (9) Taxes on liquor imposed by chapter 244D on dealers
15 holding permits under that chapter;

16 (10) The amounts of taxes on cigarettes and tobacco
17 products imposed by chapter 245 on wholesalers or
18 dealers holding licenses under that chapter and
19 selling the products at wholesale;



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- 1 (11) Federal excise taxes imposed on articles sold at
2 retail and collected from the purchasers thereof and
3 paid to the federal government by the retailer;
- 4 (12) The amounts of federal taxes under chapter 37 of the
5 Internal Revenue Code, or similar federal taxes,
6 imposed on sugar manufactured in the State, paid by
7 the manufacturer to the federal government;
- 8 (13) An amount up to, but not in excess of, \$2,000 a year
9 of gross income received by any blind, deaf, or
10 totally disabled person engaging, or continuing, in
11 any business, trade, activity, occupation, or calling
12 within the State; a corporation all of whose
13 outstanding shares are owned by an individual or
14 individuals who are blind, deaf, or totally disabled;
15 a general, limited, or limited liability partnership,
16 all of whose partners are blind, deaf, or totally
17 disabled; or a limited liability company, all of whose
18 members are blind, deaf, or totally disabled;
- 19 (14) Amounts received by a producer of sugarcane from the
20 manufacturer to whom the producer sells the sugarcane,
21 where:



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- 1 (A) The producer is an independent cane farmer, so
2 classed by the Secretary of Agriculture under the
3 Sugar Act of 1948 (61 Stat. 922, chapter 519) as
4 the Act may be amended or supplemented;
- 5 (B) The value or gross proceeds of the sale of the
6 sugar, and other products manufactured from the
7 sugarcane, are included in the measure of the tax
8 levied on the manufacturer under section 237-
9 13(1) or (2);
- 10 (C) The producer's gross proceeds of sales are
11 dependent upon the actual value of the products
12 manufactured therefrom or the average value of
13 all similar products manufactured by the
14 manufacturer; and
- 15 (D) The producer's gross proceeds of sales are
16 reduced by reason of the tax on the value or sale
17 of the manufactured products;
- 18 (15) Money paid by the State or eleemosynary child-placing
19 organizations to foster parents for their care of
20 children in foster homes;



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- 1 (16) Amounts received by a cooperative housing corporation
2 from its shareholders in reimbursement of funds paid
3 by the corporation for lease rental, real property
4 taxes, and other expenses of operating and maintaining
5 the cooperative land and improvements; provided that
6 the cooperative corporation is a corporation:
7 (A) Having one and only one class of stock
8 outstanding;
9 (B) Each of the stockholders of which is entitled
10 solely by reason of the stockholder's ownership
11 of stock in the corporation, to occupy for
12 dwelling purposes a house, or an apartment in a
13 building owned or leased by the corporation; and
14 (C) No stockholder of which is entitled (either
15 conditionally or unconditionally) to receive any
16 distribution not out of earnings and profits of
17 the corporation except in a complete or partial
18 liquidation of the corporation;
19 (17) Amounts received by a managed care support contractor
20 of the TRICARE program that is established under title
21 10 United States Code chapter 55, as amended, for the



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1 actual cost or advancement to third party health care
2 providers pursuant to a contract with the United
3 States; [~~and~~]

4 (18) Amounts received by a contractor of the Patient-
5 Centered Community Care program that is established by
6 the United States Department of Veterans Affairs
7 pursuant to title 38 United States Code section 8153,
8 as amended, for the actual costs or advancements to
9 third party health care providers pursuant to a
10 contract with the United States[-]; and

11 (19) Amounts received by a person for kalo products, kalo
12 farming, or any activity directly related to kalo.
13 For purposes of this paragraph, "kalo" means taro
14 (Colocasia esculenta)."

15 SECTION 6. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 7. This Act shall take effect upon its approval;
18 provided that:

19 (1) Sections 4 and 5 of this Act shall apply to taxable
20 years beginning after December 31, 2016;



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- 1 (2) The amendments made to section 235-7(a), Hawaii
 2 Revised Statutes, by section 4 of this Act, shall not
 3 be repealed when that section is reenacted on January
 4 1, 2018, pursuant to section 3 of Act 166, Session
 5 Laws of Hawaii 2007, as amended by Act 220, Session
 6 Laws of Hawaii 2012; and
- 7 (3) The amendments made to section 237-24, Hawaii Revised
 8 Statutes, by section 5 of this Act, shall not be
 9 repealed when that section is reenacted on December
 10 31, 2018, pursuant to section 4 of Act 70, Session
 11 Laws of Hawaii 2009, as amended by Act 164, Session
 12 Laws of Hawaii 2013.

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INTRODUCED BY:

J. Kalani Eguchi

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Report Title:

Kalo Farming; Protected Cultural Activity; Zoning, Income Tax,
and General Excise Tax Exemptions

Description:

Supports kalo (taro) farming by designating the protection of
kalo farming as a state objective and provides zoning, income
tax, and general excise tax exemptions for kalo farming
activities.

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not legislation or evidence of legislative intent.*

