
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. Chapter 237, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§237- Exemption; small farmers. (a) This chapter
5 shall not apply to payment received by a qualified small farmer
6 for the sale of produce that is intended for human consumption
7 within the State. The gross proceeds of the sale of produce by
8 a qualified small farmer shall be exempt from the tax imposed by
9 this chapter for a maximum period of five years.

10 This exemption shall not apply to sales of produce intended
11 for human consumption outside of the State.

12 (b) For the purposes of this section:

13 "Produce" means any fresh fruit or vegetable grown in the
14 soil or hydroponically, regardless of whether organic, that is
15 sold in the same general condition as when it was harvested.

16 "Qualified small farmer" means a person or entity that
17 cultivates the land in order to grow produce for human



1 consumption; provided that the produce for which an exemption is
2 claimed under this section is grown on a parcel of land that:

3 (1) Is no larger than nine acres;

4 (2) Has been fallow for a period of not less than five
5 consecutive years immediately prior to the year for
6 which an exemption is first claimed under this
7 section; and

8 (3) Is classified and zoned as agricultural land by the
9 land use commission and county in which it is
10 located."

11 SECTION 2. New statutory material is underscored.

12 SECTION 3. This Act shall take effect upon its approval
13 and shall apply to gross income or gross proceeds received after
14 December 31, 2017, and before January 1, 2023; provided that
15 this Act shall be repealed on January 1, 2023.

16



Report Title:

Small Farms; General Excise Tax; Exemption

Description:

Exempts the gross proceeds of any qualified small farmer from the general excise tax. Repeals on 1/1/2023. (SD1)

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