

JAN 20 2017

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# 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; provided further that  
15 "agricultural commodity" shall also include:

16           (A) Cattle, beef, and beef carcasses; goats, goat  
17           meat, and goat carcasses; lamb, lamb meat, and



1                   lamb carcasses; sheep, sheep meat, and sheep  
2                   carcasses; hogs, pork, and pork carcasses; milk  
3                   and milk products; eggs; and chickens, poultry  
4                   meat, and poultry carcasses; and

5                   (B) Products of aquaculture or aquaponics,  
6                   to be consumed in the State, whether processed in the  
7                   State or imported;

8                   (2) 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                   (3) 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          (4) 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



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

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

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



1           this paragraph shall not apply to any amounts received  
2           for services provided in selling prescription drugs or  
3           prosthetic devices. As used in this paragraph:

4                       "Prescription drugs" are those drugs defined  
5           under section 328-1 and dispensed by filling or  
6           refilling a written or oral prescription by a  
7           practitioner licensed under law to administer the drug  
8           and sold by a licensed pharmacist under section 328-16  
9           or practitioners licensed to administer drugs;  
10          provided that "prescription drugs" shall not include  
11          marijuana or manufactured marijuana products  
12          authorized pursuant to chapters 329 and 329D[; and]

13                      "Prosthetic device" means any artificial device  
14          or appliance, instrument, apparatus, or contrivance,  
15          including their components, parts, accessories, and  
16          replacements thereof, used to replace a missing or  
17          surgically removed part of the human body, which is  
18          prescribed by a licensed practitioner of medicine,  
19          osteopathy, or podiatry and that is sold by the  
20          practitioner or that is dispensed and sold by a dealer  
21          of prosthetic devices; provided that "prosthetic



1 device" shall not mean any auditory, ophthalmic,  
2 dental, or ocular device or appliance, instrument,  
3 apparatus, or contrivance;

4 (7) Taxes on transient accommodations imposed by chapter  
5 237D and passed on and collected by operators holding  
6 certificates of registration under that chapter;

7 (8) Amounts received as dues by an unincorporated  
8 merchants association from its membership for  
9 advertising media, promotional, and advertising costs  
10 for the promotion of the association for the benefit  
11 of its members as a whole and not for the benefit of  
12 an individual member or group of members less than the  
13 entire membership;

14 (9) Amounts received by a labor organization for real  
15 property leased to:

16 (A) A labor organization; or

17 (B) A trust fund established by a labor organization  
18 for the benefit of its members, families, and  
19 dependents for medical or hospital care, pensions  
20 on retirement or death of employees,



1                   apprenticeship and training, and other membership  
2                   service programs.

3                   As used in this paragraph, "labor organization" means  
4                   a labor organization exempt from federal income tax  
5                   under section 501(c)(5) of the Internal Revenue Code,  
6                   as amended;

7           (10)   Amounts received from foreign diplomats and consular  
8                   officials who are holding cards issued or authorized  
9                   by the United States Department of State granting them  
10                  an exemption from state taxes; and

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

20           SECTION 2. New statutory material is underscored.

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1 SECTION 3. This Act shall take effect on July 1, 2017.

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INTRODUCED BY: Clarence K. Oishi  
*McMill*





# S.B. NO. 605

**Report Title:**

Agriculture; Agricultural Commodities; General Excise Tax; Exemption

**Description:**

Expands the agricultural commodities general excise tax exemption to include cattle, goats, lambs, sheep, hogs, pork, and chickens; meat and carcasses of cattle, goats, lambs, sheep, hogs, pork, and chickens; milk products; eggs; and products of aquaculture and aquaponics.

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