
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
18 lamb carcasses; sheep, sheep meat, and sheep



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

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

7 For purposes of this paragraph, "products of
8 aquaculture or aquaponics" means products derived from
9 the propagation, cultivation, or farming of aquatic
10 plants and animals in controlled or selected
11 environments for research, commercial, or stocking
12 purposes, including aquaponics or any growing of
13 plants or animals with aquaculture effluents;

14 (2) Amounts received by the manager, submanager, or board
15 of directors of:

16 (A) An association of owners of a condominium
17 property regime established in accordance with
18 chapter 514A or 514B; or

19 (B) A nonprofit homeowners or community association
20 incorporated in accordance with chapter 414D or



1 any predecessor thereto and existing pursuant to
2 covenants running with the land,
3 in reimbursement of sums paid for common expenses;
4 (3) Amounts received or accrued from:
5 (A) The loading or unloading of cargo from ships,
6 barges, vessels, or aircraft, whether or not the
7 ships, barges, vessels, or aircraft travel
8 between the State and other states or countries
9 or between the islands of the State;
10 (B) Tugboat services including pilotage fees
11 performed within the State, and the towage of
12 ships, barges, or vessels in and out of state
13 harbors, or from one pier to another; and
14 (C) The transportation of pilots or governmental
15 officials to ships, barges, or vessels offshore;
16 rigging gear; checking freight and similar
17 services; standby charges; and use of moorings
18 and running mooring lines;
19 (4) Amounts received by an employee benefit plan by way of
20 contributions, dividends, interest, and other income;
21 and amounts received by a nonprofit organization or



1 office, as payments for costs and expenses incurred
2 for the administration of an employee benefit plan;
3 provided that this exemption shall not apply to any
4 gross rental income or gross rental proceeds received
5 after June 30, 1994, as income from investments in
6 real property in this State; and provided further that
7 gross rental income or gross rental proceeds from
8 investments in real property received by an employee
9 benefit plan after June 30, 1994, under written
10 contracts executed prior to July 1, 1994, shall not be
11 taxed until the contracts are renegotiated, renewed,
12 or extended, or until after December 31, 1998,
13 whichever is earlier. For the purposes of this
14 paragraph, "employee benefit plan" means any plan as
15 defined in section 1002(3) of title 29 of the United
16 States Code, as amended;

- 17 (5) Amounts received for purchases made with United States
18 Department of Agriculture food coupons under the
19 federal food stamp program, and amounts received for
20 purchases made with United States Department of
21 Agriculture food vouchers under the Special



1 Supplemental Foods Program for Women, Infants and
2 Children;

3 (6) Amounts received by a hospital, infirmary, medical
4 clinic, health care facility, pharmacy, or a
5 practitioner licensed to administer the drug to an
6 individual for selling prescription drugs or
7 prosthetic devices to an individual; provided that
8 this paragraph shall not apply to any amounts received
9 for services provided in selling prescription drugs or
10 prosthetic devices. As used in this paragraph:

11 "Prescription drugs" are those drugs defined
12 under section 328-1 and dispensed by filling or
13 refilling a written or oral prescription by a
14 practitioner licensed under law to administer the drug
15 and sold by a licensed pharmacist under section 328-16
16 or practitioners licensed to administer drugs;
17 provided that "prescription drugs" shall not include
18 marijuana or manufactured marijuana products
19 authorized pursuant to chapters 329 and 329D[; and]

20 "Prosthetic device" means any artificial device
21 or appliance, instrument, apparatus, or contrivance,



1 including their components, parts, accessories, and
2 replacements thereof, used to replace a missing or
3 surgically removed part of the human body, which is
4 prescribed by a licensed practitioner of medicine,
5 osteopathy, or podiatry and that is sold by the
6 practitioner or that is dispensed and sold by a dealer
7 of prosthetic devices; provided that "prosthetic
8 device" shall not mean any auditory, ophthalmic,
9 dental, or ocular device or appliance, instrument,
10 apparatus, or contrivance;

11 (7) Taxes on transient accommodations imposed by chapter
12 237D and passed on and collected by operators holding
13 certificates of registration under that chapter;

14 (8) Amounts received as dues by an unincorporated
15 merchants association from its membership for
16 advertising media, promotional, and advertising costs
17 for the promotion of the association for the benefit
18 of its members as a whole and not for the benefit of
19 an individual member or group of members less than the
20 entire membership;



- 1 (9) Amounts received by a labor organization for real
2 property leased to:
3 (A) A labor organization; or
4 (B) A trust fund established by a labor organization
5 for the benefit of its members, families, and
6 dependents for medical or hospital care, pensions
7 on retirement or death of employees,
8 apprenticeship and training, and other membership
9 service programs.

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

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

- 18 (11) Amounts received as rent for the rental or leasing of
19 aircraft or aircraft engines used by the lessees or
20 renters for interstate air transportation of
21 passengers and goods. For purposes of this paragraph,



1 payments made pursuant to a lease shall be considered
2 rent regardless of whether the lease is an operating
3 lease or a financing lease. The definition of
4 "interstate air transportation" is the same as in 49
5 U.S.C. section 40102."

6 SECTION 2. New statutory material is underscored.

7 SECTION 3. This Act shall take effect on July 1, 2017, and
8 shall apply to taxable years beginning after December 31, 2017.

9



Report Title:

Agriculture; Agricultural Commodities; General Excise Tax;
Exemption

Description:

Expands the agricultural commodities general excise tax exemption to include amounts received from loading, transportation, and unloading of cattle, goats, lambs, sheep, hogs, and chickens; meat and carcasses of cattle, goats, lambs, sheep, hogs, and pork; milk and milk products; eggs; and products of aquaculture and aquaponics. Applies to taxable years beginning after 12/31/2017. (SD1)

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