

JAN 23 2020

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# A BILL FOR AN ACT

RELATING TO TARO.

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

1           SECTION 1. The legislature finds that Hawaii imports  
2 eighty-five per cent of its food and is considered highly  
3 vulnerable in issues of food security as a State. Climate  
4 change significantly increases this vulnerability with sea level  
5 rise and intensified weather patterns in the Pacific, such as  
6 droughts, hurricanes, and floods. In 2016, at the International  
7 Union of Conservation of Nature World Conservation Congress, as  
8 part of Hawaii's commitments to the world and the state, and in  
9 order to begin to address this import inequity, the governor  
10 pledged to double food production in Hawaii by 2030.

11           Small farms on ten acres or less in Hawaii produce a  
12 significant portion of our locally grown, locally consumed food  
13 on each island. The small farm sector of agriculture is  
14 growing, yet, the 2017 census of agriculture reports the average  
15 small-scale farmer in Hawaii makes less than \$40,000 per year,  
16 with losses of almost \$10,000 annually due to the high costs of  
17 farming, including land and water. To accomplish the State's



1 2030 goal for local food production, there is an urgent need to  
2 better support small farmers, including through economic  
3 incentives.

4 The legislature finds that the department of agriculture  
5 has pointed out that the State is most at risk for staple  
6 starches. Taro is a hypoallergenic complex carbohydrate that  
7 plays a critical role in the health of the family, particularly  
8 Native Hawaiians. Yet, the cost of poi remains inaccessible to  
9 families most in need of this important staple starch food.

10 Taro is one of Hawaii's highest yielding staple starch food  
11 crops, producing ten thousand and twenty thousand pounds per  
12 acre per annum under wet and dry cultivation, respectively;  
13 however, taro is severely underproduced in the State. The 2017  
14 census of agriculture reported two hundred seven farms and four  
15 hundred ninety-five acres of taro in wetland and dryland  
16 production. An estimated two hundred to three hundred  
17 additional acres are unreported or in subsistence taro  
18 cultivation. Annual reported production averages four million  
19 tons; however, taro imports are estimated to exceed local  
20 production in 2019.



1           Loi kalo, or wetland taro systems, are also recognized for  
2 their potential to mitigate other impacts of climate change by  
3 functioning as riparian buffers and soil capture basins.  
4 Underground foods, such as taro, can often survive hurricane or  
5 flood events and be harvested to address immediate food  
6 shortages where the capacity to store and cook food can be  
7 retained.

8           The legislature also finds that the taro security and  
9 purity task force report to the 2010 legislature recommended a  
10 number of supports to make taro farming affordable, including  
11 access to land, water, mentoring, and economic incentives. Maui  
12 and Kauai counties have enacted ordinances that exempt kuleana  
13 lands in active taro production from county taxes. This  
14 provides limited relief to some taro farms, but does not cover  
15 all counties and is insufficient in encouraging young farmers to  
16 offset typically low incomes experienced by taro growers or  
17 competition from imports.

18           In 1901, the very first legislature of the Territory of  
19 Hawaii recognized the role that taro played in feeding the  
20 nation by passing S.B. No. 87 to encourage the cultivation of  
21 taro by exempting taro and the cultivation of taro from all



1 state taxes. While S.B. No. 87 was never signed into law, its  
2 intentions were clear in encouraging the production of more  
3 taro.

4 In recognition of the critical importance of protecting and  
5 perpetuating the traditional practice of taro farming as part of  
6 Hawaii's cultural identity and its role in local food security,  
7 there is a compelling interest in enacting a similar law in  
8 present day. Additionally, an acreage and income cap is a more  
9 effective threshold than a timeframe for a proposed tax  
10 exemption where one of the goals is to increase overall local  
11 taro production.

12 The purpose of this Act is to create stronger economic  
13 incentives for new taro farmers, improve the livelihoods of  
14 existing taro farmers, and reduce the cost of poi for local  
15 families by exempting taro production from state income taxes.

16 SECTION 2. Section 235-9, Hawaii Revised Statutes, is  
17 amended to read as follows:

18 "§235-9 Exemptions; generally. Except as provided in  
19 sections 235-61 to 235-67 relating to withholding and collection  
20 of tax at source, and section 235-2.4 relating to "unrelated  
21 business taxable income", the following persons and



1 organizations shall not be taxable under this chapter: banks,  
2 building and loan associations, financial services loan  
3 companies, financial corporations, small business investment  
4 companies, trust companies, mortgage loan companies, financial  
5 holding companies, subsidiaries of financial holding companies  
6 as defined in chapter 241, and development companies taxable  
7 under chapter 241; insurance companies, agricultural cooperative  
8 associations, and fish marketing associations exclusively  
9 taxable under other laws; [~~and~~] persons engaged in the business  
10 of motion picture and television film production as defined by  
11 the director of taxation[-]; and persons engaged in the business  
12 of taro production.

13 As it relates to persons engaged in the business of taro  
14 production, the following shall not be taxable under this  
15 chapter:

16 (1) Taro plants, taro corm, leaf, and huli for taro farms  
17 or portions of farms dedicated to taro plants, taro  
18 corm, leaf, and huli;

19 (2) Taro lands planted with taro, inclusive of fallow  
20 rotation lands specifically for taro production of





S.B. NO. 3038

*Breene Hunt*



# S.B. NO. 3038

**Report Title:**

Taro Production; Taxation; Exemptions

**Description:**

Exempts taro production from the state income tax.

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

