
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 for Conservation of Nature World Conservation Congress,
8 the governor pledged to double food production in Hawaii by 2030
9 as part of Hawaii's commitments to the world and the State, and
10 in order to begin to address this import inequity.

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

11 Taro is one of Hawaii's highest yielding staple starch food
12 crops, producing ten thousand pounds and twenty thousand pounds
13 per acre per annum under wet and dry cultivation, respectively.
14 However, taro is severely underproduced in the State. The 2017
15 census of agriculture reported two hundred seven farms and four
16 hundred ninety-five acres of taro in wetland and dryland
17 production. An estimated two hundred to three hundred
18 additional acres are unreported or in subsistence taro
19 cultivation. Annual reported production averages four million
20 tons. However, taro imports are estimated to exceed local
21 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, in its report to the 2010
9 legislature, the taro security and purity task force made a
10 number of recommendations to make taro farming affordable,
11 including improving access to land, water, mentoring, and
12 economic incentives. Maui and Kauai counties have enacted
13 ordinances that exempt kuleana lands in active taro production
14 from county taxes. These ordinances provide limited relief to
15 some taro farms, but do not cover all counties, are insufficient
16 in encouraging young farmers, and do not offset the typically
17 low incomes experienced by taro growers or competition from
18 imports.

19 In 1901, the senate of the very first legislature of the
20 Territory of Hawaii recognized the role that taro played in
21 feeding the nation by passing S.B. No. 87, the intent of which



1 was to encourage the cultivation of taro by exempting taro and
2 the cultivation of taro from all state taxes. While S.B. No. 87
3 was never signed into law, its intentions were clear in
4 encouraging the production of more taro.

5 In recognition of the critical importance of protecting and
6 perpetuating the traditional practice of taro farming as part of
7 Hawaii's cultural identity and its role in local food security,
8 there is a compelling interest in enacting a law similar to S.B.
9 No. 87 in the present day.

10 Additionally, the legislature finds that an acreage and
11 income cap is a more effective threshold than a timeframe for a
12 tax benefit where one of the goals is to increase overall local
13 taro production.

14 The purpose of this Act is to create stronger economic
15 incentives for new taro farmers, improve the livelihoods of
16 existing taro farmers, and reduce the cost of poi for local
17 families by excluding up to \$100,000 of income derived from taro
18 production from the state income tax.

19 SECTION 2. Section 235-7, Hawaii Revised Statutes, is
20 amended by amending subsection (a) to read as follows:



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

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

5 (2) Rights, benefits, and other income exempted from
6 taxation by section 88-91, having to do with the state
7 retirement system, and the rights, benefits, and other
8 income, comparable to the rights, benefits, and other
9 income exempted by section 88-91, under any other
10 public retirement system;

11 (3) Any compensation received in the form of a pension for
12 past services;

13 (4) Compensation paid to a patient affected with Hansen's
14 disease employed by the State or the United States in
15 any hospital, settlement, or place for the treatment
16 of Hansen's disease;

17 (5) Except as otherwise expressly provided, payments made
18 by the United States or this State, under an act of
19 Congress or a law of this State, which by express
20 provision or administrative regulation or
21 interpretation are exempt from both the normal and



- 1 surtaxes of the United States, even though not so
2 exempted by the Internal Revenue Code itself;
- 3 (6) Any income expressly exempted or excluded from the
4 measure of the tax imposed by this chapter by any
5 other law of the State, it being the intent of this
6 chapter not to repeal or supersede any such express
7 exemption or exclusion;
- 8 (7) Income received by each member of the reserve
9 components of the Army, Navy, Air Force, Marine Corps,
10 or Coast Guard of the United States of America, and
11 the Hawaii National Guard as compensation for
12 performance of duty, equivalent to pay received for
13 forty-eight drills (equivalent of twelve weekends) and
14 fifteen days of annual duty, at an:
- 15 (A) E-1 pay grade after eight years of service;
16 provided that this subparagraph shall apply to
17 taxable years beginning after December 31, 2004;
- 18 (B) E-2 pay grade after eight years of service;
19 provided that this subparagraph shall apply to
20 taxable years beginning after December 31, 2005;



- 1 (C) E-3 pay grade after eight years of service;
2 provided that this subparagraph shall apply to
3 taxable years beginning after December 31, 2006;
- 4 (D) E-4 pay grade after eight years of service;
5 provided that this subparagraph shall apply to
6 taxable years beginning after December 31, 2007;
7 and
- 8 (E) E-5 pay grade after eight years of service;
9 provided that this subparagraph shall apply to
10 taxable years beginning after December 31, 2008;
- 11 (8) Income derived from the operation of ships or aircraft
12 if the income is exempt under the Internal Revenue
13 Code pursuant to the provisions of an income tax
14 treaty or agreement entered into by and between the
15 United States and a foreign country[;] provided that
16 the tax laws of the local governments of that country
17 reciprocally exempt from the application of all of
18 their net income taxes, the income derived from the
19 operation of ships or aircraft that are documented or
20 registered under the laws of the United States;



- 1 (9) The value of legal services provided by a legal
2 service plan to a taxpayer, the taxpayer's spouse, and
3 the taxpayer's dependents;
- 4 (10) Amounts paid, directly or indirectly, by a legal
5 service plan to a taxpayer as payment or reimbursement
6 for the provision of legal services to the taxpayer,
7 the taxpayer's spouse, and the taxpayer's dependents;
- 8 (11) Contributions by an employer to a legal service plan
9 for compensation (through insurance or otherwise) to
10 the employer's employees for the costs of legal
11 services incurred by the employer's employees, their
12 spouses, and their dependents; [~~and~~]
- 13 (12) Amounts received in the form of a monthly surcharge by
14 a utility acting on behalf of an affected utility
15 under section 269-16.3; provided that amounts retained
16 by the acting utility for collection or other costs
17 shall not be included in this exemption[-]; and
- 18 (13) Any income up to \$100,000 derived from the direct sale
19 of taro products, land used for taro farming, or any
20 activity directly related to taro farming; provided
21 that this paragraph shall not apply if at any time



1 during the year the total amount of land for locally
2 grown taro in the State surpasses thirty thousand
3 acres, as determined by the department of land and
4 natural resources."

5 SECTION 3. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 4. This Act shall take effect on July 1, 2050, and
8 shall apply to taxable years beginning after December 31, 2019.



Report Title:

Taro Production; Income Tax; Exclusion

Description:

Excludes up to \$100,000 of income derived from taro production from the state income tax. Effective 7/1/2050. (SD2)

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