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# A BILL FOR AN ACT

RELATING TO KALO FARMING.

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

1           SECTION 1. The legislature finds that kalo (*Colocasia*  
2 *esculenta*), the Hawaiian word for taro, is known for its  
3 history, cultural significance, and cultivation in Hawaii. Kalo  
4 in and of itself is a highly nutritious and versatile plant that  
5 can be grown in or out of water, has a plethora of species, and  
6 is biodiverse. Kalo is also Hawaii's state plant.

7           The legislature also finds that kalo farming is a practice  
8 that has been integral to the Hawaiian islands for centuries and  
9 has provided an abundance of food and ecological health. Kalo  
10 is a food that is adapted to Hawaii's environment and can grow  
11 well in the State.

12           However, the legislature finds that there has been a  
13 decline in the number of kalo farmers and kalo sales in recent  
14 history due to low returns for these farmers and an over-  
15 reliance on foods and crops from outside the State that are not  
16 conducive to cultivation and production in Hawaii. The  
17 legislature finds that kalo farming shows promise for the State



1 to achieve a more sustainable lifestyle and food independence,  
2 expand the local market, and enhance health and well-being for  
3 residents.

4 While many states provide agricultural sales tax exemptions  
5 for machinery, fuel, fertilizer, pesticides, seed, animals, and  
6 feed, the legislature finds that Hawaii provides only a fuel tax  
7 exemption for fuel used for agricultural equipment and under  
8 certain conditions. Providing a tax exemption for Hawaii  
9 farmers, similar to that of other states, can help spur economic  
10 growth and provide economic incentives for existing and new kalo  
11 farmers. Creating financial incentives for kalo farmers  
12 supports a stronger agricultural economy and benefits farmers in  
13 the State.

14 The purpose of this Act is to establish a general excise  
15 tax exemption on the gross proceeds arising from the sale of  
16 machinery, fuel, chemicals, seed, animals, and feed to a  
17 qualified farmer and directly related to the qualified farmer's  
18 kalo farming operations.

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



1        "§237-        Exemption for certain purchases related to kalo  
2   farming operations.   (a) There shall be exempted from, and  
3 excluded from the measure of, the taxes imposed by this chapter  
4 on all of the gross proceeds arising from the sale of machinery,  
5 fuel, chemicals, seed, huli, animals, or feed to a qualified  
6 farmer and directly related to the qualified farmer's kalo  
7 farming operations.

8        (b) The director of taxation shall prepare forms as may be  
9 necessary to claim a tax exemption under this section.

10       (c) The director of taxation may adopt rules pursuant to  
11 chapter 91 for the purposes of this section.

12       (d) For the purposes of this section:

13       "Kalo" means taro (*Colocasia esculenta*).

14       "Qualified farmer" means a person who conducts kalo farming  
15 operations in the State and has:

16       (1) An annual gross income for the preceding income tax  
17 year of \$10,000 or more from kalo farming operations;  
18       or

19       (2) An average annual gross income for the three preceding  
20 income tax years of \$10,000 or more from kalo farming  
21 operations."



1 SECTION 3. New statutory material is underscored.

2 SECTION 4. This Act, upon its approval, shall apply to  
3 taxable years beginning after December 31, 2023.

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INTRODUCED BY:   
JAN 19 2023



# H.B. NO. 311

**Report Title:**

Kalo Farming Operations; General Excise Tax Exemption

**Description:**

Establishes a GET exemption for the gross proceeds from the sale of machinery, fuel, chemicals, seed, huli, animals, or feed to a qualified farmer and directly related to the qualified farmer's kalo farming operations.

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