

JAN 19 2024

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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. The legislature finds that Hawaii is the most  
2 isolated, populated land mass on earth and currently relies on  
3 imports for over eighty-five per cent of its food supply. This  
4 reliance is not only costly, but also poses a significant risk  
5 of famine in the event of a natural disaster, economic  
6 disruption, or other external factors beyond the State's  
7 control.

8           The legislature also finds that through the adoption of the  
9 Sustainable Hawaii Initiative and Aloha+ Challenge, Hawaii is  
10 committed to doubling local food production for local  
11 consumption by 2030.

12           The legislature further finds that providing tax relief to  
13 producers of produce will lower food costs, increase sales of  
14 produce, and return more profits to farmers and the agricultural  
15 industry.



1           The purpose of this Act is to help Hawaii achieve its local  
2 food production goals by exempting amounts received by farmers  
3 for the sale of produce from the general excise tax.

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

7           "§237- Exemption of produce. (a) There shall be  
8 exempted from, and excluded from the measure of, the taxes  
9 imposed by this chapter the first \$200,000 of the gross proceeds  
10 or income received by a farmer for the sale of produce that is  
11 intended for human consumption within the State.

12           This exemption shall not apply to sales of produce intended  
13 for human consumption outside of the State.

14           (b) For the purposes of this section:

15           "Farmer" means a person or entity that cultivates the land  
16 in the State to grow produce for human consumption.

17           "Produce" means any fresh fruit or vegetable grown in the  
18 soil or hydroponically, regardless of whether organic, that is  
19 sold in the same general condition as when it was harvested."

20           SECTION 3. New statutory material is underscored.



1 SECTION 4. This Act shall take effect upon its approval  
2 and shall apply to gross income or gross proceeds received after  
3 December 31, 2023.

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INTRODUCED BY:

Lyn Delort



# S.B. NO. 2399

**Report Title:**

General Excise Tax; Produce; Exemption

**Description:**

Exempts the gross proceeds received by a farmer for the sale of produce from the general excise tax.

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