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

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



1 including land and water. To accomplish the State's 2030 goal
2 for local food production, there is an urgent need to better
3 support small farmers including through small economic
4 incentives to build a larger market.

5 The legislature additionally finds that the department of
6 agriculture has identified staple starches as the greatest
7 food security risk in the State. Taro is a hypoallergenic
8 complex carbohydrate that plays a critical role in the health
9 of the family, particularly Native Hawaiians. Yet, the cost
10 of poi remains inaccessible to families most in need of this
11 important staple starch food. Taro is one of Hawaii's highest
12 yielding staple starch food crops, producing ten thousand and
13 twenty thousand pounds per acre per annum under wet and dry
14 cultivation, respectively; however, taro is severely
15 underproduced in the State. The 2017 census of agriculture
16 reported two hundred seven farms and four hundred ninety-five
17 acres of taro in wetland and dryland production. An estimated
18 two hundred to three hundred additional acres are unreported
19 or in subsistence taro cultivation. Annual reported
20 production averages four million tons; however, taro imports
21 are estimated to soon exceed local production.



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

8 The legislature further finds that the report of the Taro
9 Security and Purity Task Force to the 2010 legislature
10 recommended several supports to make taro farming affordable,
11 including access to land, water, mentoring, and economic
12 incentives. The counties of Maui and Kauai 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 are not available in all counties and are
16 insufficient for young farmers to offset typically low incomes
17 experienced by taro growers or mitigate the effects of
18 competition from imports.

19 The legislature additionally finds that, in 1901, the
20 first legislature of the Territory of Hawaii recognized the
21 role that taro played in feeding the nation by passing Senate



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

5 The legislature also finds that, in recognition of the
6 critical importance of protecting and perpetuating the
7 traditional practice of taro farming as part of Hawaii's
8 cultural identity and its role in local food security, there
9 is a compelling interest in enacting a law in present day that
10 is similar to Senate Bill No. 87 that was passed by the first
11 legislature of the Territory of Hawaii. Additionally, an
12 acreage and income cap is a more effective threshold than a
13 timeframe for a proposed tax exemption where one of the goals
14 is to increase overall local taro production.

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

19 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
20 amended by adding a new section to be appropriately designated
21 and to read as follows:



1 "235- Taro cultivation and production; exemption. (a)
2 Except as provided in sections 235-61 to 235-67 relating to
3 withholding and collection of tax at source, and section 235-2.4
4 relating to "unrelated business taxable income", qualified
5 taxpayers engaged in the business of taro cultivation and
6 production of value-added taro products shall not be taxable up
7 to the first \$100,000 of gross income per individual, farm, poi
8 mill, or business.

9 As it relates to qualified taxpayers engaged in the
10 business of taro cultivation and production of value-added taro
11 products, the following shall not be taxable under this chapter:

12 (1) Taro plants; taro corm; leaf; and huli for taro farms
13 or portions of farms dedicated to taro plants, taro
14 corm, leaf, and huli;

15 (2) Taro lands planted with taro, including fallow
16 rotation lands specifically for taro production of
17 less than or equal acreage to lands in active taro
18 production by each individual grower; and

19 (3) Preparations of taro, poi, and value-added products
20 produced with taro;



1 provided that this exclusion shall not apply if at any time
2 during the year the total amount of land for locally grown taro
3 in the State surpasses thirty thousand acres, as determined by
4 the department of agriculture.

5 (b) The department of taxation may consult with the Office
6 of Hawaiian Affairs in the administration of this tax credit
7 exemption.

8 (c) For the purposes of this section:

9 "Poi mill" means a building equipped with machinery for
10 grinding taro corm into poi.

11 "Qualified taxpayer" means an individual engaged in:

12 (1) The manufacturing for compounding, canning,
13 preserving, packing, milling, processing, refining, or
14 preparing taro for sale, profit, or commercial use,
15 either directly or through the activity of others; and

16 (2) The production for the sale of taro or taro products
17 for the shipment or transportation of taro or taro
18 products, for the use of land for taro farming, or for
19 any other activity directly related to the production
20 of taro.



1 "Taro corm" means a rounded underground storage organ
2 present in the taro plant.

3 "Taro huli" is the upright stem between the leaf and the
4 corm of the taro and includes a piece of the corm attached where
5 roots emerge."

6 SECTION 3. New statutory material is underscored.

7 SECTION 4. This Act, upon its approval, shall apply to
8 taxable years beginning after December 31, 2020.



Report Title:

Taro; Income Tax; Exemption

Description:

Establishes an exemption from state income tax for the first \$100,000 of a person's income from the business of taro cultivation or production is excluded from their gross income for Hawaii income tax purposes, provided that the department of agriculture makes its thirty thousand acre threshold determination. (SD1)

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