
A BILL FOR AN ACT

RELATING TO TAX EXEMPTION.

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

1 SECTION 1. The legislature finds that farm equipment and
2 machinery are costly to the average farmer, who typically earns
3 an average of only \$35,000 annually.

4 The purpose of this Act is to establish a statewide general
5 excise tax exemption for farm equipment and machinery purchased
6 by certain producers of agricultural products.

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

10 "§237- Exemption for purchase of farm equipment. (a)
11 There shall be exempted from, and excluded from the measure of,
12 the taxes imposed by this chapter all of the gross proceeds
13 arising from the sale of farm equipment and machinery to a
14 producer; provided that the producer's gross income does not
15 exceed \$200,000.

16 (b) For purposes of this section, "farm equipment and
17 machinery" means any implement, tool, machine, equipment,



1 appliance, device, or apparatus used in the conduct of
2 agricultural operations, except:

3 (1) Property used for administration, management, or
4 marketing of an agricultural operation;

5 (2) Supply items such as shop towels, cleaning agents such
6 as hand cleaners and solvents, and agricultural
7 chemicals;

8 (3) Articles of clothing, except for clothing designed to
9 protect an agricultural product or that is required by
10 law when applying chemicals; and

11 (4) Items purchased for the purpose of resale.

12 (c) The director of taxation shall adopt rules pursuant to
13 chapter 91 for the purpose of this section, including any time
14 limitation for the exemptions."

15 SECTION 3. New statutory material is underscored.

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

18



Report Title:

General Excise Tax; Exemption; Agriculture; Farm Equipment and Machinery

Description:

Exempts sales of farm equipment and machinery to certain producers of agricultural products from the general excise tax. Takes effect on 7/1/2019 and applies to taxable years beginning after 12/31/2019. (SD1)

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

