

---

---

# 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 only an average of \$35,000 annually.

4 The purpose of this Act is to establish a state-wide  
5 general excise tax exemption for farm equipment and machinery  
6 purchased 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 intended for sale in the ordinary course of  
12 business.

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

16 SECTION 3. New statutory material is underscored.

17 SECTION 4. This Act shall take effect on July 1, 2150.



**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.  
(HB2462 HD1)

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

