

STAND. COM. REP. NO. 1328

Honolulu, Hawaii

MAR 23 2023

RE: H.B. No. 608
H.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred H.B. No. 608, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to establish an organic foods production tax credit applicable to taxable years beginning after December 31, 2023, and sunseting December 31, 2033.

Your Committee received testimony in support of this measure from the Department of Agriculture; Wakefield and Sons, Inc.; Rancho Aloha Coffee Farm; Hawai'i Farmers Union United; Tinyville Farm; Hawai'i Farm Bureau; Hawai'i Alliance for Progressive Action; Manowaiopae Excellent Adventure Farm; Hawai'i Reef Ocean Coalition; Kuwale Ridge Farms; Agriculture and Food Security Committee of the Environmental Caucus of the Democratic Party of Hawai'i; Food+ Policy Internship 2023; and fourteen individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that organic farming practices improve soil fertility and structure, promote biodiversity, and reduce the risks of human, animal, and environmental exposure to toxic materials. Your Committee notes that these beneficial practices often require additional costs and expenses to farmers who in turn



expect price premiums that are afforded to them by their organic certification and certified organic label. However, due to the relatively small size of many farms in Hawaii and the lack of a state certification program, local farms are dissuaded from the costly United States Department of Agriculture organic certification process and therefore neglect pursuing organic certification, despite high demand for such produce and products in the State. Instead, certified organic produce and products from larger operations on the mainland dominate local markets and enjoy the price premiums afforded to them by the certified organic label. This measure establishes the organic foods production tax credit to alleviate the cumbersome costs associated with equipment, materials, or supplies necessary for organic certification for organic farmers applying for organic certification.

As affirmed by the record of votes of the members of your Committee on Agriculture and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 608, H.D. 2, and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Agriculture and
Environment,




MIKE GABBARD, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Agriculture and Environment
AEN

Bill / Resolution No.:*	Committee Referral:	Date:		
HB608 HD2	AEN, WAM	03-13-23		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input checked="" type="checkbox"/> Pass, unamended 2312	<input type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	X			
RICHARDS, III, Herbert M. "Tim" (VC)		X		
DECOITE, Lynn		X		
RHOADS, Karl	X			
AWA, Brenton	X			
TOTAL	3	2		
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes