

STAND. COM. REP. NO. **256**

Honolulu, Hawaii

FEB 19 2015

RE: S.B. No. 224
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Agriculture, to which was referred S.B.
No. 224 entitled:

"A BILL FOR AN ACT RELATING TO FARMS,"

begs leave to report as follows:

The purpose and intent of this measure is to create an
exclusion from income tax for the first \$50,000 of income earned
by new, small, and diversified farming businesses.

Your Committee received testimony in support of this measure
from the Department of Agriculture, Hawaii Farm Bureau, and one
individual. Your Committee received comments on this measure from
the Department of Taxation.

Your Committee finds that the two largest trade imbalances in
the State are in the areas of energy and agriculture. Over the
past few years, Hawaii has been addressing its over-reliance on
imported fossil fuel and now needs to address the imbalance in
agricultural trade by significantly expanding local food
production. Your Committee further finds that the growth of
small, diversified farming businesses will add to and diversify
Hawaii's economy and help redress the imbalance in agricultural
trade.

Your Committee also finds, as raised in testimony, that many
farmers in Hawaii receive income from non-food production and
therefore a large number may not qualify for the tax credit in
this measure under the current definitions.

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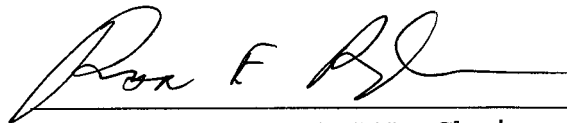


Accordingly, your Committee has amended this measure by:

- (1) Replacing the terms "family farm", "family farm community", and "family farm cooperative" with the term "farmer";
- (2) Defining "farmer" as an individual with seventy-five per cent of annual gross income earned from farm products sold within the State;
- (3) Requiring a farmer to have an annual gross income of \$200,000 or less to qualify for the tax credit; and
- (4) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 224, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 224, S.D. 1, and be referred to the Committee on Ways and Means.

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




RUSSELL E. RUDERMAN, Chair



The Senate
Twenty-Eighth Legislature
State of Hawai'i

Record of Votes
Committee on Agriculture
AGL

| | | | | |
|---|--|-------------------------|----------|----------|
| Bill / Resolution No.:* SB 224 | Committee Referral: AGL, WAM | Date: 2/10/15 | | |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | |
| The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"><input type="checkbox"/> Pass, unamended 2312</div> <div style="text-align: center;"><input checked="" type="checkbox"/> Pass, with amendments 2311</div> <div style="text-align: center;"><input type="checkbox"/> Hold 2310</div> <div style="text-align: center;"><input type="checkbox"/> Recommit 2313</div> </div> | | | | |
| Members | Aye | Aye (WR) | Nay | Excused |
| RUDERMAN, Russell E. (C) | X | | | |
| RIVIERE, Gil (VC) | X | | | |
| CHUN OAKLAND, Suzanne | X | | | |
| TANIGUCHI, Brian T. | | | | X |
| THIELEN, Laura H. | | X | | |
| WAKAI, Glenn | | | | X |
| SLOM, Sam | | | | X |
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| TOTAL | 3 | 1 | 0 | 3 |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | |
| Chair's or Designee's Signature: <div style="text-align: center; font-family: cursive; font-size: 1.2em;">  </div> | | | | |
| Distribution: <div style="display: flex; justify-content: space-around; font-size: 0.8em;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div> | | | | |

*Only one measure per Record of Votes