

STAND. COM. REP. NO.

178

Honolulu, Hawaii

, 2021

FEB 11

RE: H.B. No. 1144

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Water & Land, to which was referred H.B. No. 1144 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Exempt from the general excise tax law amounts received from the interisland transportation and related loading and unloading of agricultural commodities, regardless of whether the agricultural commodities were produced in the State; and
- (2) Require the Public Utilities Commission to authorize preferential water carrier service rates by tariff for ratepayers that operate farms or ranches located in any county with a population equal to or less than 500,000.

Your Committee received testimony in support of this measure from the Hawaii Farm Bureau, Ulupono Initiative, and Maui County Farm Bureau. Your Committee received comments on this measure from the Department of Taxation; Department of Commerce and Consumer Affairs; Department of Agriculture; Public Utilities Commission; Tax Foundation of Hawaii; and Young Brothers, LLC.



Your Committee finds that interisland transportation is a major issue for neighbor island farmers and ranchers, with the majority of agricultural lands located on neighbor islands and the population center located on the island of Oahu. Your Committee further finds that neighbor island farmers and ranchers are disadvantaged when competing with farmers and ranchers on Oahu due to additional transportation costs of bringing in supplies from Honolulu and sending products out to other islands. This measure will alleviate the financial costs that neighbor island farmers and ranchers have to bear when receiving supplies and shipping out their products.

Your Committee has amended this measure by:

- (1) Allowing the Public Utilities Commission to implement the preferential water carrier service rates by tariff for ratepayers that operate farms or ranches located in any county with a population equal to or less than five hundred thousand through either the adoption of rules pursuant to chapter 91, Hawaii Revised Statutes, or by order of the Commission; and
- (2) Changing the effective date to January 1, 2050, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Water & Land that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1144, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1144, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Water & Land,



DAVID A. TARNAS, Chair



