STAND. COM. REP. NO.



Honolulu, Hawaii MAR 25 , 2021

RE: S.B. No. 493 S.D. 2 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 Consumer Protection & Commerce, to which was referred S.B. No. 493, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose of this measure is to:

- Establish and appropriate funds for the Hawaii Agriculture and Forest Carbon Positive Incentive Program to incentivize carbon sequestration activities through carbon incentives contracts that provide for compensation for eligible practices by Program participants; and
- (2) Reallocate a portion of the Environmental Response, Energy, and Food Security Tax that is currently deposited into the Agricultural Development and Food Security Special Fund to a newly established Hawaii Agriculture and Forest Carbon Positive Incentive Program Special Fund, to be used for the purposes of the Hawaii Agriculture and Forest Carbon Positive Incentive Program.

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Your Committee received testimony in support of this measure from the Department of Land and Natural Resources; Hawaii Green Infrastructure Authority; Climate Protectors Hawai'i; Environmental Caucus of the Democratic Party of Hawai'i; Kauai Climate Action Coalition; Kauai Women's Caucus; The Nature Conservancy; Hawaii Cattlemen's Council, Inc.; and six individuals. Your Committee received testimony in opposition to this measure from the Department of Agriculture. Your Committee received comments on this measure from the Department of Taxation, Department of Budget and Finance, Office of Planning, and Tax Foundation of Hawaii.

Your Committee finds that approximately ninety percent of the State's food is imported, which makes Hawaii particularly vulnerable to natural disasters, disease, and other global events. Your Committee finds that the State needs to find a way to reduce its contribution to climate change and increase local food production. This measure incentivizes carbon positive actions through a payment of services program that would allow small farmers, ranchers, and landowners to be compensated for taking actions to help the State reach its climate positive goal.

Your Committee notes the concerns raised by the Department of Budget and Finance in the Department's testimony that establishing an incentive program as described in this measure will result in the lowering of tax revenue and impact the State's share of direct federal aid from the American Rescue Plan Act of 2021.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 493, S.D. 2, H.D. 1, and recommends that it be referred to your Committee on Finance.

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Respectfully submitted on behalf of the members of the Committee on Consumer Protection & Commerce,

fr AARON LING JOHANS(), Chair

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State of Hawaii House of Representatives The Thirty-first Legislature



Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: SB 493 SD2 HD1	Committee Referral: EEP AGR, CP	C, FIN	Date: 3 24 21	
The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (W	(R) Nays	Excused
1. JOHANSON, Aaron Ling (C)				
2. KITAGAWA, Lisa (VC)				
3. AQUINO, Henry J.C.	\checkmark			
4. HAR, Sharon E.				
5. HASHEM, Mark J.				
6. KONG, Sam Satoru				
7. MIZUNO, John M.	<i>\</i>			
8. MORIKAWA, Dee				
9. ONISHI, Richard H.K.				
10. TARNAS, David A.	\checkmark			
11. MATSUMOTO, Lauren				
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TOTAL (11) 9 0 The recommendation is: Adopted I Not Adopted If joint referral,				
Vice Chair's or designee's signature:				
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				