

Honolulu, Hawaii

APR 07 2022

RE: H.B. No. 2466
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 2466, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TARO,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a new general excise tax exemption to support taro production and consumption.

More specifically, the measure exempts from the general excise tax, with certain exceptions, the gross proceeds or income arising from the sale of any:

- (1) Product derived from the cultivation and production of unprocessed taro; or
- (2) Value-added product whose primary ingredient is taro or taro leaf.

Your Committee received written comments in support of this measure from Food+Policy Internship, Hawaii Alliance for Progressive Action, Hawaii Farm Bureau, Ka Ohana O Na Pua, Malu Aina, Na Kupuna Moku O Keawe, and numerous individuals.



Your Committee received written comments in opposition to this measure from the Department of Taxation.

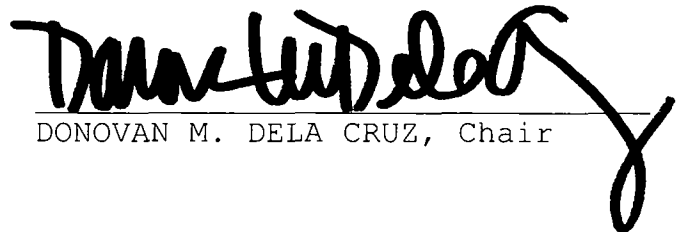
Your Committee received written comments on this measure from the Department of Agriculture, Department of Budget and Finance, Department of the Attorney General, and Tax Foundation of Hawaii.

Your Committee finds that by reducing the tax burden on taro farmers, the general excise tax exemption created by this measure will help to create stronger economic incentives for new taro farmers, improve the livelihoods of existing taro farmers, and reduce the cost of poi for consumers in the State.

Your Committee notes that in its written comments in opposition to this measure, the Department of Taxation requested that, if a functional effective date is inserted into the measure, the new general excise tax exemption be made effective on January 1, 2023, rather than for taxable years beginning after December 31, 2021. The Department explained that using a specific date instead of a taxable year will both ensure that no taxpayer has a competitive advantage based on the taxpayer's tax year and provide the Department with sufficient time to complete the form and system changes that are necessary to properly administer this new general excise tax exemption.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2466, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

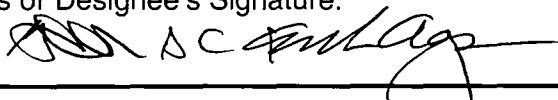


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:
HB 2466, HD2, SD1	AEN, WAM	4/5/22
<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	
DELA CRUZ, Donovan M. (C)	X	
KEITH-AGARAN, Gilbert S.C. (VC)	X	
INOUYE, Lorraine R.	X	
KANUHA, Dru Mamo	X	
KIDANI, Michelle N.	X	
MISALUCHA, Bennette E.	X	
MORIWAKI, Sharon Y.	X	
SHIMABUKURO, Maile S.L.	X	
TANIGUCHI, Brian T.	X	
WAKAI, Glenn	X	
FEVELLA, Kurt	X	
TOTAL	11	
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature: 		
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy		

*Only one measure per Record of Votes