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# A BILL FOR AN ACT

RELATING TO MEAT PROCESSING.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 PART I

2 SECTION 1. The department of agriculture shall establish  
3 and implement meat processing industry standards. In  
4 establishing the standards, the department of agriculture may  
5 consider the development of a program that certifies the eating  
6 quality of meat that assesses criteria including but not limited  
7 to shear force, marbling score, and age verification.

8 SECTION 2. (a) The department of agriculture shall  
9 conduct a survey on slaughterhouse operations. The study shall  
10 evaluate:

- 11 (1) Active slaughter operations and their capacities;  
12 (2) Best practices for sustainable and safe waste disposal  
13 options; and  
14 (3) Opportunities for growth in the industry.

15 (b) In conducting the survey, the department of  
16 agriculture may request assistance and feedback from the  
17 university of Hawaii college of tropical agriculture and human



1 resources or any other entity that it deems appropriate, to  
2 provide expertise to assist with the survey on slaughterhouse  
3 operations. The department of agriculture shall further consult  
4 with livestock industry stakeholders, who are encouraged to  
5 cooperate and provide information or input.

6 (c) The department of agriculture shall submit a report of  
7 its findings and recommendations related to the activities  
8 conducted pursuant to this part, including any proposed  
9 legislation, to the legislature no later than twenty days prior  
10 to the convening of the regular session of 2025.

11 SECTION 3. In accordance with section 9 of article VII of  
12 the Hawaii State Constitution and sections 37-91 and 37-93,  
13 Hawaii Revised Statutes, the legislature has determined that the  
14 appropriations contained in Act 164, Regular Session of 2023,  
15 and this Act will cause the state general fund expenditure  
16 ceiling for fiscal year 2024-2025 to be exceeded by  
17 \$ or per cent. This current declaration takes  
18 into account general fund appropriations authorized for fiscal  
19 year 2024-2025 in Act 164, Regular Session of 2023, and this Act  
20 only. The reasons for exceeding the general fund expenditure  
21 ceiling are that:



1 (1) The appropriation made in this Act is necessary to  
2 serve the public interest; and

3 (2) The appropriation made in this Act meets the needs  
4 addressed by this Act.

5 SECTION 4. There is appropriated out of the general  
6 revenues of the State of Hawaii the sum of \$ or so  
7 much thereof as may be necessary for fiscal year 2024-2025 for  
8 the department of agriculture to establish and implement meat  
9 processing industry standards and conduct a survey on  
10 slaughterhouse operations.

11 The sum appropriated shall be expended by the department of  
12 agriculture for the purposes of this part.

13 PART II

14 SECTION 5. Chapter 235, Hawaii Revised Statutes, is  
15 amended by adding a new section to be appropriately designated  
16 and to read as follows:

17 "§235- Meat processing tax credit. (a) There shall be  
18 allowed to each qualified taxpayer subject to the tax imposed  
19 under this chapter an income tax credit that shall be deductible  
20 from the taxpayer's net income tax liability, if any, imposed by



1 this chapter for the taxable year in which the credit is  
2 properly claimed.

3 (b) The amount of the tax credit shall be equal to the  
4 qualified expenses of the qualified taxpayer, up to a maximum of  
5 \$ \_\_\_\_\_.

6 (c) In the case of a partnership, S corporation, estate,  
7 or trust, the tax credit allowable shall be for qualified  
8 expenses incurred by the entity for the taxable year. The  
9 expenses upon which the tax credit is computed shall be  
10 determined at the entity level. Distribution and share of the  
11 credit shall be determined by rule.

12 (d) The total amount of tax credits allowed under this  
13 section shall not exceed \$ \_\_\_\_\_ for all qualified taxpayers  
14 in any taxable year; provided that any taxpayer who is not  
15 eligible to claim the credit in a taxable year due to the  
16 \$ \_\_\_\_\_ cap having been exceeded for that taxable year shall  
17 be eligible to claim the credit in the subsequent taxable year.

18 (e) Every qualified taxpayer, before March 31 of each year  
19 in which qualified expenses were incurred by the taxpayer in the  
20 previous taxable year, shall submit a written, certified



1 statement to the chairperson of the board of agriculture  
2 identifying:

3 (1) Qualified expenses incurred in the previous taxable  
4 year; and

5 (2) The amount of the tax credit claimed by the taxpayer  
6 pursuant to this section, if any, in the previous  
7 taxable year.

8 (f) The board of agriculture shall:

9 (1) Maintain records of the names and addresses of the  
10 qualified taxpayers claiming the credits under this  
11 section and the total amount of the qualified expenses  
12 upon which the tax credits are based;

13 (2) Verify the nature and amount of the qualified  
14 expenses;

15 (3) Total all qualified and cumulative expenses that the  
16 board certifies; and

17 (4) Certify the amount of the tax credit for each taxpayer  
18 for each taxable year and the cumulative amount of the  
19 tax credit.

20 Upon each determination made under this subsection, the board of  
21 agriculture shall issue a certificate to the taxpayer verifying



1 information submitted to the board of agriculture, including  
2 amounts of qualified expenses, the credit amount certified for  
3 the taxpayer for each taxable year, and the cumulative amount of  
4 tax credits certified. The taxpayer shall file the certificate  
5 with the taxpayer's tax return with the department of taxation.  
6 The board of agriculture may assess and collect a fee to offset  
7 the costs of certifying tax credit claims under this section.

8 (g) The director of taxation:

9 (1) Shall prepare any forms that may be necessary to claim  
10 a tax credit under this section;

11 (2) May require the taxpayer to furnish reasonable  
12 information to ascertain the validity of the claim for  
13 the tax credit made under this section; and

14 (3) May adopt rules under chapter 91 necessary to  
15 effectuate the purposes of this section.

16 (h) If the tax credit under this section exceeds the  
17 taxpayer's net income tax liability, the excess of the credit  
18 over liability may be used as a credit against the taxpayer's  
19 net income tax liability in subsequent years until exhausted.

20 All claims for the tax credit under this section, including  
21 amended claims, shall be filed on or before the end of the



1 twelfth month following the close of the taxable year for which  
2 the credit may be claimed. Failure to comply with the foregoing  
3 provision shall constitute a waiver of the right to claim the  
4 credit.

5 (i) As used in this section:

6 "Net income tax liability" means income tax liability  
7 reduced by all other credits allowed under this chapter.

8 "Qualified expenses" means the costs directly incurred by  
9 the taxpayer for the inspection of meat.

10 "Qualified taxpayer" means any person who engages:

11 (1) In, or for intrastate commerce, the business of  
12 slaughtering any cattle, deer, sheep, swine, goats,  
13 horses, mules, or other equines, or preparing,  
14 freezing, packaging, or labeling any carcasses, or  
15 parts or products of carcasses, of any animals, for  
16 use as human food or animal food; or

17 (2) In the business of custom slaughtering or preparing  
18 any cattle, deer, sheep, swine, goats, horses, or  
19 other equines for use as human food or animal food."

20 PART III

21 SECTION 6. New statutory material is underscored.



1 SECTION 7. This Act shall take effect upon its approval;

2 provided that:

3 (1) Section 4 shall take effect on July 1, 2024; and

4 (2) Section 5 shall apply to taxable years beginning after

5 December 31, 2023.



**Report Title:**

DOA; Meat Processing Industry Standards; Slaughterhouse  
Operation Survey; Meat Processing Tax Credit; Report;  
Expenditure Ceiling; Appropriation

**Description:**

Requires the Department of Agriculture to establish industry standards for processing meat and conduct a survey on slaughterhouse operations. Establishes a tax credit for processing meat. Declares that the general expenditure ceiling is exceeded. Makes an appropriation. (SD1)

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