

STAND. COM. REP. NO.

475

Honolulu, Hawaii

FEB 15

, 2023

RE: H.B. No. 607

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred
H.B. No. 607 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish an interisland
produce shipping income tax credit for farmers or ranchers in
Hawaii who ship produce and agricultural goods between the
counties of the State.

Your Committee received testimony in support of this measure
from Adaptations Inc., Ka Ohana O Na Pua, Ulupono Initiative,
Hawai'i Farm Bureau, Hawai'i Farmers Union United, Hawai'i Alliance
for Progressive Action, Hawai'i Food+ Policy Internship 2023, and
numerous individuals. Your Committee received comments on this
measure from the Department of Taxation, Department of the
Attorney General, Department of Agriculture, and Tax Foundation of
Hawaii.

Your Committee finds that the cost of interisland
transportation is a bottleneck for market access by food producers
in Hawaii. Your Committee recognizes that the majority of
agricultural lands are on the neighbor islands, yet the population
center of the State is on Oahu. Your Committee notes that the
United States Department of Agriculture administers a

2023-1442 HB607 HD1 HSCR HMSO



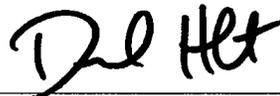
Reimbursement Cost Transportation Program to reimburse certain agricultural producers for a portion of the cost to transport agricultural commodities or inputs used to produce the agricultural commodities. This measure establishes a similar state incentive to help reduce the operating costs for neighbor island farmers and ranchers in shipping their agricultural products between counties and reduce the cost of purchasing local agriculture products for local consumers.

Your Committee has amended this measure by:

- (1) Amending the definition of "producer" to allow producers in any location, rather than only producers in the State, to be eligible for the interisland produce shipping tax credit; and
- (2) Changing its effective date to June 30, 3000, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 607, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 607, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development,



DANIEL HOLT, Chair



