

STAND. COM. REP. NO.

**2537**

Honolulu, Hawaii

**FEB 16 2024**

RE: S.B. No. 2399

S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred S.B. No. 2399 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to exempt from the general excise tax the first \$200,000 of the gross proceeds received by a farmer for the sale of produce.

Your Committee received testimony in support of this measure from the Office of Hawaiian Affairs and Hawaii Food+ Policy.

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

Your Committee finds that the State has a local food security and self-sufficiency goal to double local food production for local consumption by 2030. Your Committee further finds that providing tax relief to those who cultivate land in the State to grow produce for human consumption will reduce the production cost of fresh fruits and vegetables, making local fruits and vegetables more competitive and increasing sales and profits to farmers and the agricultural industry in the State.

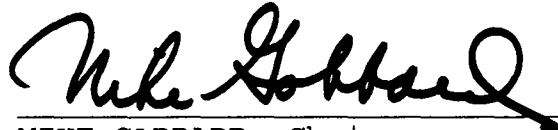


Your Committee acknowledges the concerns raised by the Department of the Attorney General that the definition of "farmer" may trigger a challenge under the Dormant Commerce Clause as it could be construed to benefit in-state economic interests by burdening out-of-state competitors.

Accordingly, your Committee has amended this measure by amending the definition of "farmer" by deleting the phrase "in the State".

As affirmed by the record of votes of the members of your Committee on Agriculture and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2399, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2399, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Agriculture and  
Environment,



MIKE GABBARD, Chair



