## STAND. COM. REP. NO. 415

Honolulu, Hawaii , 2023 FEB 15 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



STAND. COM. REP. NO. 475 Page 2

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:

- 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



State of Hawaii House of Representatives The Thirty-second Legislature



## **Record of Votes of the Committee on Economic Development**

| Bill/Resolution No.:   | Committee<br>ECD   |      | Date:     | 18/23  |                                      |
|--|--|------|-----------|--|--------------------------------------|
| 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)   |  |      |           |  |                                      |
| ECD Members  |  | Ayes | Ayes (WR) | Nays   | Excused                              |
| 1. HOLT, Daniel (C)  |  |      |           |  |                                      |
|  | :<br>بې<br>14 مېرىكى بىر بې يې <u>مۇمىرىكى بىر مىر يې يې بىر بىر بىر بىر بىر بىر بىر بىر بىر بىر</u>   |      |           | n de Berger Aberlen<br>Na Reinwer Bergeren   |                                      |
| 2. LAMOSAO, Rachele  | F. (VC)  |      |           |  |                                      |
| 2 HUSSEY BUDDICK   | Natalia  |      |           | and a second second<br>Second second second<br>Second second |                                      |
| 3. HUSSEY-BURDICK,   | Natana   |      |           |  |                                      |
| 4. KONG, Sam Satoru  |  |      |           |  | <u>en attitutena en el Esté esté</u> |
|  |  |      |           |  |                                      |
| 5. NAKAMURA, Nadine  | e K.   |      |           |  |                                      |
|  |  |      |           |  |                                      |
| 6. QUINLAN, Sean   |  |      |           |  |                                      |
| 7. PIERICK, Elijah   | , ala dala dala sue da antico de la constancia de la constancia de la constancia de la constancia de la constan<br>Constante de la constancia |      |           |  |                                      |
|  |  |      |           |  |                                      |
|  |  |      |           |  |                                      |
|  |  |      |           | ï  |                                      |
| ·····  |  | ···· |           |  |                                      |
|  |  |      |           |  |                                      |
|  |  |      |           |  |                                      |
|  |  |      |           |  |                                      |
|  | -  |      |           |  |                                      |
|  |  |      |           |  |                                      |
|  |  |      |           |  |                                      |
|  |  |      |           |  |                                      |
|  |  |      |           |  |                                      |
| TOTAL  | (7)  | 7    |           |  |                                      |
| The recommendation is: Adopted If joint referral, did not support recommendation.  |  |      |           |  |                                      |
| Vice Chair's or designee's signature: Communication of the signature of th |  |      |           |  |                                      |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO   |  |      |           |  |                                      |