

Honolulu, Hawaii FEB 16 , 2023

RE: H.B. No. 947 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 Agriculture & Food Systems, to which was referred H.B. No. 947 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose of this measure is to establish a food manufacturer tax credit, applicable to taxable years beginning after December 31, 2023, for manufacturers that produce valueadded products using local crops.

Your Committee received testimony in support of this measure from the Hawai'i Farm Bureau, Hawaii Food Manufacturers Association, Hawaii Food Industry Association, Ulupono Initiative, and two individuals. Your Committee received comments on this measure from the Department of Agriculture, Department of Taxation, Department of the Attorney General, Tax Foundation of Hawaii, and Hawai'i Technology Development Corporation.

Your Committee finds that the State currently imports eightfive to ninety percent of its food, fuel, and fiber. The State has set a goal to double food production in the State by 2030. Your Committee further finds that establishing a tax credit that incentivizes private food manufacturers in the State to use Hawaii-grown food ingredients in their products will support the



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development of agricultural self-sufficiency and food security in Hawaii.

Your Committee has amended this measure by:

- Deleting the phrase "using local crops" from the definition of "qualified taxpayer";
- (2) Changing the effective date to June 30, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Ccmmittee on Agriculture & Food Systems that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 947, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 947, H.D. 1, and be referred to your Committee on Finance.

> Respectfully submitted on behalf of the members of the Committee on Agriculture & Food Systems,

CEDRIC ASUEGA GATES, Chair



## State of Hawaii House of Representatives The Thirty-second Legislature



## Record of Votes of the Committee on Agriculture & Food Systems

Bill/Resolution No.: 1+13947 AGR, FIN Date: 218/2023				
The committee is reconsidering its previous decision on the measure.				
The recommendation is to:				
AGR Members	Ayes	Ayes (WR)	Nays	Excused
1. GATES, Cedric Asuega (C)				
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2. KAHALOA, Kirstin (VC)				Mic. 194
3. COCHRAN, Elle				
4. LOWEN, Nicole E.			anana an a	all ferrar ann a stàine ann an an an ann ann an ann an ann an
5. PERRUSO, Amy A.			e enner a ten e ander maander ender	n an
6. WOODSON, Justin H.			en en en en en	
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7. WARD, Gene				
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TOTAL (7)	7			
The recommendation is:  Adopted  Not Adopted    If joint referral,				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				