

STAND. COM. REP. NO.

635

Honolulu, Hawaii

FEB 14 , 2025

RE: H.B. No. 1417
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Agriculture & Food Systems, to which was referred H.B. No. 1417 entitled:

"A BILL FOR AN ACT RELATING TO FARMS,"

begs leave to report as follows:

The purpose of this measure is to create an exclusion from income tax for the first \$50,000 of gross income earned by farmers.

Your Committee received testimony in support of this measure from the Department of Agriculture; Hawai'i Farm Bureau; Kanalani Ohana Farm; Hawai'i Food+ Policy; and nine individuals. Your Committee received comments on this measure from the Department of Taxation; Department of the Attorney General; and Tax Foundation of Hawaii.

Your Committee finds that Hawaii's farming population is aging, with twice as many farmers over seventy-five as under thirty-five, and nearly eighty percent of farms generating less than \$25,000 annually. High operational costs make it difficult for new farmers to sustain viable businesses. This measure provides a state income tax exclusion on the first \$50,000 of gross income earned from farming, allowing farmers to reinvest in operations, expand production, and adopt sustainable practices.

2025-1846 HB1417 HD1 HSCR HMSO



Your Committee has amended this measure by:

- (1) Clarifying the definition of "farm products";
- (2) Changing the effective date to July 1, 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 Committee on Agriculture & Food Systems that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1417, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1417, 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,


KIRSTIN KAHALOA, Chair



HSCR 635

Bill/Resolution No.: <div style="font-size: 1.5em; font-family: cursive;">HB 1917</div>	Committee Referral: <div style="font-size: 1.5em; font-family: cursive;">AGR, FIN</div>	Date: <div style="font-size: 1.5em; font-family: cursive;">2/12/25</div>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="display: flex; align-items: center;"> <input type="checkbox"/> Pass, unamended (as is) </div> <div style="display: flex; align-items: center;"> <input checked="" type="checkbox"/> Pass, with amendments (HD) </div> <div style="display: flex; align-items: center;"> <input type="checkbox"/> Hold </div> </div> <div style="display: flex; align-items: center; margin-top: 5px;"> <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit) </div>				
AGR Members	Ayes	Ayes (WR)	Nays	Excused
1. KAHALOA, Kirstin (C)	X			
2. KUSCH, Matthias (VC)	X			
3. LOWEN, Nicole E.	X			
4. PERRUSO, Amy A.	X			
5. QUINLAN, Sean	X			
6. WARD, Gene				K
TOTAL (6)	5			1
The recommendation is: <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="display: flex; align-items: center;"> <input checked="" type="checkbox"/> Adopted </div> <div style="display: flex; align-items: center;"> <input type="checkbox"/> Not Adopted </div> </div> <div style="margin-top: 5px;"> If joint referral, _____ did not support recommendation. </div>				
Vice Chair's or designee's signature: _____				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				