

Honolulu, Hawaii

FEB 05 2025

RE: S.B. No. 250  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Third State Legislature  
Regular Session of 2025  
State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred S.B. No. 250 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to provide an interisland produce shipping tax credit for transportation costs incurred by certain taxpayers who ship agricultural products and inputs between counties for taxable years beginning after December 31, 2025.

Your Committee received testimony in support of this measure from the Agribusiness Development Corporation; Hawai'i Farmers Union United; Hawaii Cattlemen's Council, Inc.; Hawai'i Farm Bureau; Hawaii Food Industry Association; Maui Chamber of Commerce; Larry Jefts Farms, LLC; and one individual.

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

Your Committee finds that transportation costs in the State are disproportionately high due to Hawaii's unique island geography, which creates significant barriers for many local farmers, ranchers, and agricultural businesses in their ability to competitively market and sell their products. Your Committee notes that the United States Department of Agriculture administers



a reimbursement transportation cost payment program for geographically disadvantaged farmers and ranchers, including farmers and ranchers in Hawaii and the Pacific, for a portion of the cost to transport agricultural commodities or inputs (such as feed, fertilizers, and equipment) used to produce the agricultural commodities. Your Committee believes that providing a similar state incentive will support local food production, while reducing the carbon footprint associated with importing goods from outside the State. Your Committee further notes that alleviating the costs of interisland shipping for farmers and ranchers in the State will help level the playing field for neighbor island farmers and ranchers.

Your Committee further finds that this measure, in its current form, contains conflicting provisions concerning deadlines for filing tax credit claims that may hamper the effective administration of the tax credit. Amendments to this measure are therefore necessary to address these concerns.

Accordingly, your Committee has amended this measure by:

- (1) Deleting language that would have allowed the Department of Agriculture to certify credits for qualified taxpayers who could have claimed the credit in a previous taxable year but chose not to because the maximum annual credit amount was reached in that taxable year;
- (2) Inserting language clarifying that no other tax credit or deduction may be claimed for qualified transportation costs for the taxable year;
- (3) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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. 250, as amended herein, and recommends that it pass



Second Reading in the form attached hereto as S.B. No. 250,  
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,



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MIKE GABBARD, Chair



