

STAND. COM. REP. NO.

1222

Honolulu, Hawaii

MAR 14 , 2025

RE: S.B. No. 328
S.D. 1
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 S.B. No. 328, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish an income tax credit for capital infrastructure costs incurred in the conversion of a dairy farm to a hog farm.

Your Committee received testimony in support of this measure from the Department of Agriculture; Department of Business, Economic Development, and Tourism; Hawai'i Farm Bureau; Hawai'i Food+ Policy; and one individual. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that repurposing underutilized dairy farm infrastructure for hog farming presents a significant opportunity to strengthen Hawaii's pork industry and reduce reliance on imported meat. However, farmers face substantial financial challenges in converting these facilities, including structural renovations, regulatory compliance, and acquiring specialized equipment. To support this transition, this measure establishes an income tax credit to offset capital infrastructure

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costs, making it more feasible for farmers to expand local pork production.

Your Committee has amended this measure by:

- (1) Limiting the number of years that the tax credit may be carried forward to five years after the taxable year in which the capital infrastructure costs are incurred;
- (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 S.B. No. 328, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 328, S.D. 1, H.D. 1, and be referred to your Committee on Economic Development & Technology.

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


KIRSTIN KAHALOA Chair



