

Honolulu, Hawaii

FEB 10 2025

RE: S.B. No. 678
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. 678 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish the Agricultural Development and Food Security Special Fund;
- (2) Require a portion of the Environmental Response, Energy, and Food Security Tax to be deposited into the Special Fund; and
- (3) Appropriate funds to the Department of Agriculture in an amount equal to three percent of the State Budget.

Your Committee received testimony in support of this measure from the Department of Agriculture; Hawai'i Farmers Union United; Hawai'i Farm Bureau; Hawaii Cattlemen's Council, Inc.; Hawaii Food Industry Association; and three individuals.

Your Committee received comments on this measure from the Department of Taxation, Department of Budget and Finance, Department of the Attorney General, and Tax Foundation of Hawaii.



Your Committee finds that the Environmental Response, Energy, and Food Security Tax was intended to support critical investments in clean energy, local agricultural production, and environmental response to reduce the State's dependence on imported fossil fuels and food products. Your Committee further finds that a portion of this tax was allocated to the Agricultural Development and Food Security Special Fund established pursuant to section 141-10, Hawaii Revised Statutes. Your Committee recognizes that the Agricultural Development and Food Security Special Fund was repealed in 2021 to fortify the general fund due to the COVID-19 pandemic and that since then Hawaii's economy has rebounded and stabilized. The re-establishment of the Agricultural Development and Food Security Special Fund will promote agriculture and food security, making the State less vulnerable to national and global disruptions.

According to testimony received by your Committee, this measure, in its current form, contains an appropriation that does not appear to relate to the Agricultural Development and Food Security Special Fund as established in this measure nor does it appropriate funds into or out of the Special Fund. Your Committee also notes concerns from the Department of the Attorney General that although this measure allows moneys in the Special Fund to be expended to award grants to farmers, it does not provide any qualifying standards for the award of these grants. Accordingly, amendments to this measure are necessary to address these concerns.

Your Committee has amended this measure by:

- (1) Allowing the funds in the Agricultural Development and Food Security Special Fund to be used for the procurement of locally produced agricultural products during federally declared disasters or state emergencies to address food insecurity and stabilize agricultural markets;
- (2) Inserting qualifying standards for applicants of grants awarded with funds from the Agricultural Development and Food Security Special Fund;



- (3) Deleting language that would have appropriated funds to the Department of Agriculture in an amount equal to three percent of the State Budget;
- (4) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (5) 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. 678, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 678, 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,



MIKE GABBARD, Chair



