

Honolulu, Hawaii

FEB 10 2025

RE: S.B. No. 681

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. 681 entitled:

"A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to repeal the exemption to the general excise tax for agricultural businesses engaged in the production of genetically engineered agricultural products.

Your Committee received testimony in support of this measure from the Hawai'i Farmers Union United, Climate Protectors Hawaii, Women Organizing for Change in Agriculture and Natural Resource Management, Hawai'i Progressive Action, Green Party of Hawai'i, and twenty-six individuals.

Your Committee received testimony in opposition of this measure from the Hawai'i Farm Bureau, Hawaii Crop Improvement Association, and Biotechnology Innovation Organization.

Your Committee received comments on this measure from the Department of Agriculture; Department of Business, Economic Development, and Tourism; Department of Taxation; and Tax Foundation of Hawaii.

Your Committee finds that the primary goal of the general excise tax exemption for genetically engineered agricultural



products was to promote the export of seed crops and to foster the creation of high-paying technology jobs in businesses that produce genetically engineered agricultural products, ultimately increasing employment and the gross domestic product of the State. Since then, the priorities of the State have shifted to focus on local food systems and enhancing food security. As a result, many agricultural producers have expressed concerns that the genetically engineered agricultural product industry is receiving an undue advantage through this tax exemption. By repealing the exemption for agricultural businesses engaged in the production of genetically engineered agricultural products, this measure promotes a more competitive and fair business environment by ensuring that all businesses that produce agricultural products, whether organic, conventional, or genetically modified in nature, are treated equitably under the State Tax Code.

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. 681 and recommends that it pass Second Reading 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



