



Hawaii Cattlemen's Council, Inc.

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HOUSE COMMITTEE ON AGRICULTURE
Friday March 12, 2010 9:00 am Room 312

SB 2527 SD2 RELATING TO AGRICULTURE

Chair Tsuji and Members of the Committees:

My name is Alan Gottlieb, and I am the President of the Hawaii Cattlemen's Council. The Hawaii Cattlemen's Council, Inc. (HCC) is the Statewide umbrella organization comprised of the five county level Cattlemen's Associations. Our 130+ member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of approximately 25% of the State's total land mass.

The Hawaii Cattlemen's Council supports SB 2527 SD2 which amends the definition of "agricultural commodity".

Over the years we have come across definitions of agriculture commodities which have not included livestock, or the meat from livestock agriculture, and have sought to have those corrected so they are included. The problem is that there are so many different places where there are definitions, we seem to need to deal with them one by one as they come to our attention. In the past the legislature has always been very supportive on this very common sense issue.

The reason we ask that livestock and meat be included in the definition is so like other Agricultural commodities, we will be exempt from the State's General Excise Tax.

HRS Chapter 237 is the general excise tax statute. HRS section 237-24.3 makes certain transactions exempt from GET, including "transportation of "agricultural commodities" as this term is defined in section 147-1. That section provides:

§237-24.3 Additional amounts not taxable. In addition to the amounts not taxable under section 237-24, this chapter shall not apply to:

(1) Amounts received from the loading, transportation, and unloading of agricultural commodities shipped for a producer or produce dealer on one island of this State to a person, firm, or organization on another island of this State. The terms "**agricultural commodity**", "producer", and "produce dealer" shall be defined in the same manner as they are *defined in section 147-1*; provided that agricultural commodities need not have been produced in the State [Emphasis added].

Young Brothers has provided us with information quantifying how much this will cost the State of Hawaii in lost General Excise Taxes. For 2009, that amount was just \$6,093.98 for General Excise taxes they collected on items which would be affected by this amendment, a very small amount for the State but a big amount for local livestock producers. In the future, if we can help improve the economics of livestock production in Hawaii, we hope to increase our production, and help the State with its Bio-Security mandates for local food production.

We appreciate this opportunity to provide testimony on this matter.