

**NEIL ABERCROMBIE**  
Governor



State of Hawaii  
**DEPARTMENT OF AGRICULTURE**  
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**RUSSELL S. KOKUBUN**  
Chairperson, Board of Agriculture

**JAMES J. NAKATANI**  
Deputy to the Chairperson

**TESTIMONY OF RUSSELL S. KOKUBUN  
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEE ON AGRICULTURE**

**WEDNESDAY, FEBRUARY 2, 2011**

**9:40 AM**

**CONFERENCE ROOM 312**

**HOUSE BILL NO. 286  
RELATING TO AGRICULTURE**

Chairperson Tsuji and Members of the Committee:

Thank you for the opportunity to comment on House Bill No. 286, Relating to Agriculture. The Department of Agriculture supports the intent of this bill to amend Chapter 237, Hawaii Revised Statutes, by adding a new section that would establish a general excise tax exemption for the gross income or gross proceeds from the sale of local agricultural products to local agricultural businesses.

The Department is a strong advocate for local agricultural businesses. As provided in this measure, the Department of Taxation and the Department of Budget and Finance are key stakeholders and will play prominent roles in the determination and implementation of this bill. Thus, the Department defers to the comments from these two departments.

Thank you for the opportunity to comment on this bill.



Poamoho Organic Produce  
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January 30, 2010

To: House Committee on Agriculture  
Re: Hearings on February 2<sup>nd</sup>, 9:40 am, Rm 312  
Subject: Testimony regarding HB 866, HB 284, HB 286, HB 288 & HB 865

Aloha Committee Chair and Committee Members,

I am an organic farmer on the North Shore of Oahu and President of the Hawaii Center for Organic Farming. Please accept my testimony on the subject Bills.

In the case of SB 866: Related to the Registration of Beekeepers. I am opposed to this Bill as written because it appears to have no real purpose other than a bureaucratic registration process. I am a beekeeper; two years ago I had 10 hives; I am now down to 2 hives due to varroa mite. Our Department of Agriculture has been deficient in both their measures for preventing invasive species as well as their rapid response to new infestations. This Bill could have enormous support to our beekeepers if "registration" was part of an overall bee industry invasive species prevention AND treatment program.

In the case of HB 284: Related to Income Tax Exclusions for Small Farmers. I am a small farmer who will benefit by this Bill; however it is far too generous and too inclusive. As written with the \$500,000 limit, this Bill will provide tax exclusions to 97% of our farms including all fake farms, all backyard gardeners and hobbyists. To conform to the State's 2050 Sustainability Plan, supportive legislation must focus on those real farms that grow "local food for local consumption". I recommend this Bill be amended to: 1) restrict tax exemptions to only those farms producing foods for our own local markets, NOT exports; 2) reduce the ceiling to \$100,000 to better focus on "real" small farms and; 3) add a floor of \$25,000 to eliminate fake farms and home gardens.

In the case of HB 286: Related to Excise Tax Exclusions on the Sale of Agricultural Products. I am opposed to this Bill as written because it will exempt ALL farms in the State from the Excise Tax. By our existing Excise Tax Code, farmers are "producers" and already only pay .5% vs 4% (4.5% on Oahu). Any exclusion from our Excise Tax should only be directed to those small farms that grow "local food for local consumption". We should not be exempting large farms or those that produce for export or those that produce non-food items such as GMO corn seed.

In the case of HB 865: Increases the Inspection Fee. Presently, our public monies are being used to subsidize the importation of food which undermines competition of our local farmers. This Bill should be amended to task the Hawaii Department of Agriculture (HDoA) to identify ALL of its budgeted expenses associated with this inspection effort and further amended so that the fee covers and replaces ALL of these budgeted costs.

Al Santoro, Farmer

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 01, 2011 2:41 PM  
**To:** AGRtestimony  
**Cc:** amybrinker@mac.com  
**Subject:** Testimony for HB286 on 2/2/2011 9:40:00 AM

Testimony for AGR 2/2/2011 9:40:00 AM HB286

Conference room: 312  
Testifier position: support  
Testifier will be present: No  
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Submitted on: 2/1/2011

Comments:

This letter is in support of HB 284 and HB 286. I support this bill that will lower the taxes that farmers have to pay. This money they save can be invested back into their land and allow for greater production and distribution of local food options. Farmers are Hawaii's greatest but most undervalued assets. We need to invest more in them in order to decrease our dependency on oil for imported food and in order to increase our self-sufficiency and support our local economy.

Justine Espiritu