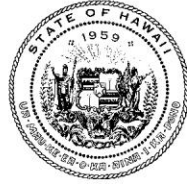


NEIL ABERCROMBIE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



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JOSHUA WISCH
DEPUTY DIRECTOR

To: The Honorable Jessica Wooley, Chair
and Members of the House Committee on Agriculture

Date: Thursday, January 31, 2013

Time: 9:00 a.m.

Place: Conference Room 312, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: H.B. 503 Relating to General Excise Tax

The Department appreciates the intent of H.B. 503 and provides the following information and comments for your consideration.

H.B. 503 creates a general excise tax exemption for amounts received by farmers for the sale of fresh farm produce intended to be consumed in Hawaii. The exemption applies to gross income received after December 31, 2013.

The Department suggests that the language on page 1, line 5, of the bill that says "This chapter shall not apply to amounts" be replaced with "There shall be exempted from, and excluded from the measure of, the taxes imposed by this chapter, all of the gross proceeds" for the purpose of statutory and administrative consistency.

In addition, this bill raises a possible constitutional issue. Due to the potential for discriminatory impact on sellers of produce sourced from outside Hawaii, there is a possibility that the exemption runs afoul of United States Supreme Court commerce clause jurisprudence. The Department defers to the Department of the Attorney General for further comments as to constitutionality.

Thank you for the opportunity to provide comments.

onishi1-Jerry

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 30, 2013 8:15 AM
To: AGRtestimony
Cc: hawaiiifish@gmail.com
Subject: Submitted testimony for HB503 on Jan 31, 2013 09:00AM

HB503

Submitted on: 1/30/2013

Testimony for AGR on Jan 31, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Ron Weidenbach	Hawaii Aquaculture & Aquaponics Association	Support	No

Comments: HAAA supports the concept of this exemption but it should be expanded to be inclusive of all locally grown foods including animal protein sources by farming, ranching and aquaculture.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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