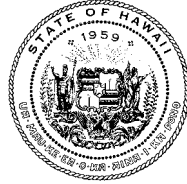


NEIL ABERCROMBIE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



LATE

FREDERICK D. PABLO
DIRECTOR OF TAXATION

JOSHUA WISCH
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

To: The Honorable David Y. Ige, Chair,
and Members of the Senate Committee on Ways and Means

Date: Thursday, February 21, 2013

Time: 9:00 A.M.

Place: Conference Room 211, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: S.B. 595, Relating to Agriculture

The Department appreciates the intent of S.B. 595, and provides the following information and comments for your consideration.

S.B. 595 expands the definition of "agricultural commodity" found in Section 237-24.3(1), Hawaii Revised Statutes. The bill would result in amounts received from the loading, transportation, and unloading of milk, poultry, eggs, poultry meat, and aquaculture or aquaponic products being exempted from Hawaii's General Excise Tax, in addition to amounts received from the loading, transportation, and unloading of those items already considered agricultural commodities under the statute.

The Department notes that the description of S.B. 595 indicates that the general excise tax exemption in Section 237-24.3(1), Hawaii Revised Statutes, applies to agricultural commodities, indicating that the sale of these agricultural commodities would be exempt from the general excise tax. However, the exemption in Section 237-24.3(1), Hawaii Revised Statutes, applies only to amounts received from loading, unloading, and transportation of agricultural commodities.

The Department additionally notes that there is no definition of the terms "aquaculture products" or "aquaponics products" included in Chapter 237 or in Section 147-1, Hawaii Revised Statutes, which may make this expansion of the existing credit difficult to administer. The Department suggests adding clarification to this portion of the bill.

Thank you for the opportunity to provide comments.

LATE



Hawaii Farm Bureau
F E D E R A T I O N

2343 Rose Street • Honolulu, Hawaii 96819
Phone: (808) 848-2074 • Neighbor-Islands: (800) 482-1272
Fax: (808) 848-1921 • Email: info@hfbf.org
www.hfbf.org

February 21, 2013

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON SB 595
RELATING TO AGRICULTURE

Room 211
9:00 AM

Chair Ige, Vice Chair Kidani, and Members of the Committee:

I am Dean Okimoto, President of the Hawaii Farm Bureau Federation (HFBF). Organized since 1948, the HFBF is comprised of 1,950 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community

HFBF supports of SB 595 which adds milk, poultry eggs, poultry carcass, poultry meat, and aquaculture and aquaponic products to the definition of "Agricultural Commodity" exempt from the GET for loading, transporting, and unloading of agricultural commodities under Section 247-24.3 (1), Hawaii Revised Statutes.

Currently, Section 147-1, Hawaii Revised Statutes, defines "agricultural commodity" as fresh fruits and fresh vegetables of every kind and character, whether or not frozen or packed in ice, whether produced in the State or imported, nuts, and coffee, whether cherry or parchment, or green beans, which have been produced in the State, and raw unprocessed honey, whether produced in the State or imported.

HFBF believes that milk, poultry eggs, poultry carcass, poultry meat, and aquaculture and aquaponic products are also agricultural commodities and should added to the definition in Section 147-1 so that these agricultural commodities receiving the exemption provided in Section 247-24.3 (1)

Thank you for this opportunity to provide our testimony on this important matter.