

NEIL ABERCROMBIE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



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

FREDERICK D. PABLO
DIRECTOR OF TAXATION

JOSHUA WISCH
DEPUTY DIRECTOR

To: The Honorable Angus L.K. McKelvey, Chair,
and Members of the House Committee on Consumer Protection and Commerce

Date: Wednesday, January 22, 2014
Time: 2:00 P.M.
Place: Conference Room 325, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: H.B. 1260, H.D. 1, Relating to Agriculture

The Department appreciates the intent of H.B. 1260, H.D. 1, and provides the following information and comments for your consideration.

H.B. 1260, H.D. 1 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 several animal products, 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 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 exemption difficult to administer. The Department suggests adding clarification to this portion of the bill to ensure that amounts received from the loading, transportation, and unloading of the intended products are included.

Thank you for the opportunity to provide comments.



Hawaii Cattlemen's Council, Inc.

P O Box 437199 Kamuela HI 96743

Phone (808) 885-5599 • Fax (808) 887-1607

e-mail: HCattlemens@hawaii.rr.com

HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

Wednesday January 22, 2014 2:00 pm Room 325

HB 1260 HD 1 RELATING TO AGRICULTURE

Adds milk, poultry eggs, poultry carcass, poultry meat, beef, beef carcasses, goat meat, goat carcasses, lamb meat, lamb carcasses and aquaculture and aquaponic products to be consumed in the State to GET exemption for the loading, transporting, or unloading of agricultural commodities shipped into the State. Effective July 1, 2013. (HB1260 HD1)

Chair McKelvey, Vice Chair Kawakami and Members of the Committees:

My name is Alan Gottlieb, and I am the Government Affairs Chairperson 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 strongly supports HB 1260 HD 1 to the Agricultural Commodity Definition with some proposed changes (our proposed changes are in bold and double underlined below):

Cattle, Beef and beef carcasses; **Goats**, goat meat and goat carcasses;
Lambs, lamb meat and lamb carcasses; **Sheep**, sheep meat
and sheep carcasses; **Hogs, pork and pork carcasses**; milk;
eggs; or **Chickens**, poultry meat and poultry carcasses to
be consumed in the State, whether processed in the State
or imported; and

(B) Aquaculture or aquaponic products to be consumed in the State,
whether processed in the State or imported;

This is an issue of parity. All other agricultural commodities have this G.E.T. Exemption. The reason we ask that livestock and meat, milk eggs, poultry, aquaculture, etc. be included in the definition is so like other Agricultural commodities, we will be exempt from the State's General Excise Tax.

Over the years we have come across definitions of agriculture commodities which have not included livestock, or the meat from livestock agriculture, milk, eggs, poultry and aquaculture/aquaponics, etc. 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.

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 \$6,100 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 agricultural self sufficiency and improve our food security.

We appreciate this opportunity to provide testimony on this matter.



Hawaii's Agricultural Partnership

HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

Wednesday January 22, 2014 2:00 pm Room 325

HB 1260 HD 1 RELATING TO AGRICULTURE

“Adds milk, poultry eggs, poultry carcass, poultry meat, beef, beef carcasses, goat meat, goat carcasses, lamb meat, lamb carcasses and aquaculture and aquaponic products to be consumed in the State to GET exemption for the loading, transporting, or unloading of agricultural commodities shipped into the State. Effective July 1, 2013.”

Chair McKelvey, Vice Chair Kawakami and Members of the Committees:

4 Ag Hawaii **strongly supports** HB 1260 HD 1 to the Agricultural Commodity Definition

We respectfully request that livestock; meat; milk; eggs; poultry; aquaculture, etc. be included in the definition so like other Agricultural commodities they will be exempt from the State's General Excise Tax.

In the past our legislators have always been supportive on this very issue.

Looking forward, if we can improve the economics of local livestock production, this industry component can and will assist the State with its goals of agricultural self sufficiency and improve our food security.

4 Ag Hawaii is a non-profit 501[c] [3] corporation established as a public-private partnership focused on goals that include: promoting the agricultural economic welfare of Hawai'i and its counties; conducting agricultural economic; educational & media programs, and fostering statewide interest for responsible agricultural economic development of our islands.

Thank you for the opportunity to provide testimony on this matter.



HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

Wednesday, January 22, 2014 — 2:00.p.m. — Room 325

Ulupono Initiative Strongly Supports HB 1260 HD 1, Relating to Agriculture

Dear Chair McKelvey, Vice Chair Kawakami and Members of the Committee:

My name is Kyle Datta and I am General Partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase renewable energy, and reduce/recycle waste. Ulupono invests in projects that have the potential to create large-scale, innovative change.

Ulupono strongly supports HB 1260 HD 1, which adds to the definition of agricultural commodities exempt from the General Excise Tax (GET). We would also request that HRS section 237-24.3 Section 1, Subsection A, be amended to read "Cattle, Beef and beef carcasses; Goats, goat meat and goat carcasses; Lambs, lamb meat and lamb carcasses; Sheep, sheep meat and sheep carcasses; Hogs, pork and pork carcasses; milk; eggs; or Poultry, poultry meat and poultry carcasses to be consumed in the State, whether processed in the State or imported; and." This would reduce the cost for milk, eggs, poultry, beef, goat, lamb, sheep, aquaculture and aquaponics products to be consumed in the state by exempting these activities from the GET.

The Legislature earlier exempted agricultural commodities from the GET and this bill would amend that definition (which already includes fruits and vegetables) so that more locally produced foods in the state, will be eligible for the GET exemption. Ulupono is concerned that the GET multiplies along the food supply chain, increasing the price which makes local food less competitive than imports. These actions would support our local food industries.

We believe that working together we can help produce more local food, support an economically strong homegrown agriculture industry, which strengthens our community with fresh, healthy food. Thank you for this opportunity to testify.

Respectfully,

Kyle Datta
General Partner

Email: communications@uluponoinitiative.com





Hawaii Agriculture Research Center

Administration: P.O. Box 100, Kunia, HI 96759

Ph: 808-621-1350/Fax: 808-621-1359

FAX TRANSMISSION COVER SHEET

To: House Committee on Consumer Protection and Commerce Date: January 21, 2014

Location: Hawaii State Capitol Fax No.: 586-8437

From: Cindy Pinick for Stephanie A. Whalen (ph: 621-1350)

Number of pages (including this cover sheet): 2

The testimonies listed below are for the following hearing:

House Committee on Consumer Protection and Commerce

Wednesday, January 22, 2014

2:00pm

Conference Room 325

HB 1260, HD1



Hawaii Agriculture Research Center

P.O. Box 100, Kula, Hawaii 96759
Ph: 808-621-1350/Fax: 808-621-1359
www.harc-hspa.com

TESTIMONY BEFORE THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

HOUSE BILL 1260 HD1

Relating to Agriculture

January 22, 2014

Chairman McKelvey and Members of the Committee:

My name is Stephanie Whalen. I am the Executive Director of the Hawaii Agriculture Research Center. I am testifying today on behalf of my company and its employees.

We strongly support the intent of House Bill 1260 HD1 providing more equal treatment of the various agricultural sectors.

However, we would like to see an amendment:

Cattle, Beef and beef carcasses; Goats, goat meat and goat carcasses; Lambs, lamb meat and lamb carcasses; Sheep, sheep meat and sheep carcasses; Hogs, pork and pork carcasses; milk; eggs; or Chickens, poultry meat and poultry carcasses to be consumed in the State, whether processed in the State or imported; and

(B) Aquaculture or aquaponic products to be consumed in the State, whether processed in the State or imported;

Thank you for the opportunity to testify in support of Hawaii's agricultural needs.

kawakami3-Benigno

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 18, 2014 10:58 PM
To: CPCtestimony
Cc: olumauangus@msn.com
Subject: Submitted testimony for HB1260 on Jan 22, 2014 14:00PM

HB1260

Submitted on: 1/18/2014

Testimony for CPC on Jan 22, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Robert H. Ferreira	Individual	Support	No

Comments: I am in support of this bill on behalf of Kaupo Ranch Ltd. A livestock operation since 1929 and member of Maui Cattlemen s Association We raise grass fed cattle and supply local markets. This bill will aid in our struggle to survive.

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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

kawakami3-Benigno

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 18, 2014 6:16 PM
To: CPCtestimony
Cc: afrancokaupo@gmail.com
Subject: *Submitted testimony for HB1260 on Jan 22, 2014 14:00PM*

HB1260

Submitted on: 1/18/2014

Testimony for CPC on Jan 22, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Alex Franco	Individual	Support	No

Comments:

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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

January 22, 2014

HEARING BEFORE THE
HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

TESTIMONY ON HB 1260, HD1
RELATING TO AGRICULTURE

Room 325
2:00 PM

Chair McKelvey, Vice Chair Kawakami, and Members of the Committee:

I am Christopher Manfredi, Acting President of the Hawaii Farm Bureau Federation (HFBF). Organized since 1948, the HFBF is comprised of 1,832 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 HB 1260, HD1 which adds beef and beef carcasses, goat meat and goat carcasses, lamb meat and lamb carcasses, sheep meat and sheep carcasses, 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. In addition, we request that cattle, goats, lambs, sheep, hogs, pork and pork carcasses and chickens also be added to the definition of "Agricultural Commodity".

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 cattle, beef and beef carcasses, goats, goat meat and goat carcasses, lambs, lamb meat and lamb carcasses, hogs, pork and pork carcasses, sheep meat and sheep carcasses, milk, poultry eggs, chickens, poultry carcasses, 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.



HAMAKUA COUNTY FARM BUREAU

PO BOX 428

PAAUILO, HI 96776

HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
Wednesday, January 22, 2014- 2:00.p.m. -Room 325

Hamakua County Farm Bureau Strongly Supports HB 1260 HD 1, Relating to Agriculture

My name is Jason Moniz and I am President of the Hamakua County Farm Bureau. Hamakua is a large agricultural district with one of two dairies remaining in the State, 24% of Hawaii Islands beef cattle grazing lands and the largest beef harvest/processing plant in the State.

This Bill proposes to places the livestock and aquaculture commodities on an even playing field with other agricultural commodities that already have this GET exemption in place. The transportation of breeding animals, market animals, and livestock and aquaculture products (eggs, milk, meat) are significant costs to the marketing of livestock, aquaculture and their products. The legislature recognized previously that assistance to agriculture producers in the form of removing the GET for transportation of agriculture products was an important support needed to promote Hawaii's agriculture and food security. Unfortunately the definition used left out livestock and aquaculture, significant and important sectors of Hawaii's agriculture. Particularly in the case of livestock shipping, fees are already very high in relationship to their value due to their size and space required to contain them during shipment.

Thank you for your consideration for this Bill's proposal to make this correction.

LATE



HB 1260, hd1, Relating to Agriculture

Position: Strong Support

TO: Chair McKelvey and Members of the House Committee on Consumer Protection and Commerce.

FROM: Hawaii Food Industry Association
Lauren Zirbel, Executive Director

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers and distributors of food and beverage related products in the State of Hawaii.

The existing HRS 147-1 definition of "Agricultural commodity" means 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."

We strongly support this measure that expands the definition to include milk, poultry, eggs, poultry carcasses, or poultry meat and the variety of listed live stock meat and carcasses, aquaculture or aquaponic products to be consumed in the State, whether processed in the State or imported.

This measure provides a broader definition of agricultural commodities that better reflects Hawaii's agricultural industry.

The GET exemptions for the proposed agricultural commodities help reduce the cost of doing business in Hawaii, and for some, may make a difference for establishing new businesses or for existing businesses to continue to contribute to Hawaii's productive agriculture businesses.

Your support of this measure is urged. Thank you for the opportunity to testify.

HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
THE HONORABLE ANGUS L. K. McKELVEY, CHAIR
THE HONORABLE DEREK S. K. KAWAKAMI, VICE CHAIR

HOUSE BILL NO. 1260, HOUSE DRAFT 1, scheduled for hearing on January 22, 2014

Written Testimony of Roy Catalani, Vice President of Strategic Planning and Government Affairs

Chair McKelvey, Vice Chair Kawakami, and Members of the House Consumer Protection and Commerce Committee:

Young Brothers, Limited (*Young Brothers*) supports House Bill No. 1260, House Draft 1 (HB1260 HD1).

HB1260 HD1 proposes to expand the types of agricultural commodities exempt from the general excise tax on amounts received for loading, transportation, and unloading, to include milk, poultry eggs, poultry carcass, poultry meat, beef, beef carcasses, goat meat, goat carcasses, lamb meat, lamb carcasses and aquaculture and aquaponic products to be consumed in the State, whether imported into or processed within the State.

In the context of its intra-state water transportation services, Young Brothers has been providing local farmers and ranchers with a discount for shipments of island agricultural products for over 20 years. Today, Young Brothers offers a discount of 35 percent for full container loads of island agricultural products and a discount of 30 percent for all other island agricultural product shipments. These discounts applicable to shipments of island agricultural products are consistent with the State's policy of promoting locally grown produce. We refer you to Haw. Const. of 1993, art. XI, § 3, which provides in relevant part:

The State shall conserve and protect agricultural lands, promote diversified agriculture, increase agricultural self-sufficiency and assure the availability of agriculturally suitable lands. The legislature shall provide standards and criteria to accomplish the foregoing.

Young Brothers continues to support measures that promote the State's agricultural and economic diversity and sustainability.

Thank you for the opportunity to testify.

LATE

kawakami3-Benigno

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 21, 2014 8:14 PM
To: CPCtestimony
Cc: darakawa@lurf.org
Subject: Submitted testimony for HB1260 on Jan 22, 2014 14:00PM

HB1260

Submitted on: 1/21/2014

Testimony for CPC on Jan 22, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
David Z. Arakawa	Individual	Support	No

Comments: LURF supports of HB 1260, HD1; and joins in the request of the Hawaii Farm Bureau Federation to ALSO ADD cattle, goats, lambs, sheep, hogs, pork and pork carcasses and chickens" 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.

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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov