

Honolulu, Hawaii
February 17, 2016

RE: H.B. No. 2117
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Agriculture, to which was referred H.B. No. 2117 entitled:

"A BILL FOR AN ACT RELATING TO FARMS,"

begs leave to report as follows:

The purpose of this measure is to encourage and support the growth of new, small, and diversified farming businesses by excluding from income tax a portion of a farmer's income; provided that the farmer's annual gross income does not exceed a certain amount.

The Cattlemen's Council, Hawaii Farm Bureau, and several concerned individuals supported this measure. The Department of Agriculture supported the intent of this measure. The Department of Taxation and Tax Foundation of Hawaii submitted comments on this measure.

Your Committee has amended this measure by:

- (1) Leaving unspecified, the amount of the farmer's income that would be excluded from income taxes and the cap on the farmer's annual gross income applicable to qualifying for the income tax exclusion;
- (2) Changing its effective date to January 20, 2050, to encourage further discussion; and

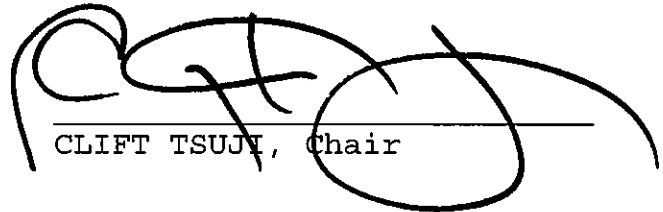


- (3) Making technical, nonsubstantive amendments for consistency, clarity, and style.

Should your Committee on Finance deliberate on the measure further, your Committee on Agriculture respectfully requests that it consider excluding from incomes taxes the first \$50,000 of income earned by a farmer whose annual gross income does not exceed \$200,000.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2117, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2117, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Agriculture,



CLIFT TSUJI, Chair



State of Hawaii
House of Representatives
The Twenty-eighth Legislature

HSCR 308-16

Record of Votes of the Committee on Agriculture

Bill/Resolution No.: HB 2117	Committee Referral: AGR, FIN	Date: 2/11/16		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
AGR Members	Ayes	Ayes (WR)	Nays	Excused
1. TSUJI, Clift (C)	/			
2. ONISHI, Richard H.K. (VC)	/			
3. BROWER, Tom	/			
4. CACHOLA, Romy M.	/			
5. CHOY, Isaac W.	/			
6. DeCOITE, Lynn	/			
7. ITO, Ken	/			
8. KAWAKAMI, Derek S.K.	/			
9. KONG, Sam Satoru	/			
10. OHNO, Takashi	/			
11. TOKIOKA, James Kunane	/			
12. WOODSON, Justin H.				/
13. MATSUMOTO, Lauren Kealohilani	/			
14. WARD, Gene	/			
TOTAL (14)	13			1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 0.8em;">committee acronym(s)</div>				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				