

Honolulu, Hawaii
February 18, 2016

RE: H.B. No. 2458
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 Ocean, Marine Resources, & Hawaiian
Affairs, to which was referred H.B. No. 2458 entitled:

"A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX,"

begs leave to report as follows:

The purpose of this measure is to encourage the cultivation
of loko i'a, Hawaiian fishponds, by applying a favorable wholesale
general excise tax rate to aquacultural products produced in loko
i'a.

The Office of Hawaiian Affairs and Ko'olaupoko Hawaiian Civic
Club and one concerned individual submitted testimony in support
of this measure. Ho'omana Pono, LLC submitted testimony in
opposition. The Department of the Attorney General, Department of
Taxation, and Tax Foundation of Hawaii submitted comments.


Your Committee notes that the Department of the Attorney
General raised concerns in testimony that the favorable tax rate
applied by this measure to products which, by definition, are only
able to be produced in Hawaii may invite scrutiny under the
Commerce Clause of the United States Constitution. The Attorney
General opined that this measure, when read in conjunction with
the state-specific definition of a Hawaiian fishpond, may provide
a distinct advantage to products produced within the State over
those produced elsewhere in interstate commerce.



Your Committee has amended this measure by changing its effective date to December 24, 2088, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Ocean, Marine Resources, & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2458, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2458, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Ocean, Marine
Resources, & Hawaiian Affairs,


KANIELA ING, Chair



State of Hawaii
House of Representatives
The Twenty-eighth Legislature

H9UR 462-16

Record of Votes of the Committee on Ocean, Marine Resources, & Hawaiian Affairs

Bill/Resolution No.: HB 2458	Committee Referral: OMH, FIN	Date: Feb. 10, 2016		
<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)				
OMH Members	Ayes	Ayes (WR)	Nays	Excused
1. ING, Kaniela (C)	/			
2. LOWEN, Nicole E. (VC)	/			
3. CULLEN, Ty J.K.	/			
4. EVANS, Cindy	/			
5. LEE, Chris	/			
6. NISHIMOTO, Scott Y.				/
7. SAY, Calvin K.Y.				/
8. YAMANE, Ryan I.	/			
9. POUHA, Feki	/			
10. THIELEN, Cynthia	/			
TOTAL (10)	8	0	0	2
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: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <i>Nicole E. Lowen</i>				
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