

Honolulu, Hawaii

FEB 12 2015

RE: S.B. No. 1307
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Agriculture, to which was referred S.B. No. 1307 entitled:

"A BILL FOR AN ACT RELATING TO KALO PRODUCTION,"

begs leave to report as follows:

The purpose and intent of this measure is to provide tax relief for taxpayers engaged in kalo production.

Your Committee received testimony in support of this measure from Hawaii Farmers Union United Kona Chapter, Koolaupoko Hawaiian Civic Club, Hawaii Farmers Union United, Ai Pohaku, and thirty individuals. Your Committee received comments on this measure from the Department of the Attorney General, Department of Taxation, and Tax Foundation of Hawaii.

Your Committee finds that kalo is an important historical and cultural crop and a wonderful food source for the people of Hawaii. Kalo production has declined in recent decades, and many kalo farmers are struggling to remain in production. Your Committee finds that a tax benefit would help to increase kalo production.

Your Committee also finds that the provisions of this measure that exempt kalo products from general excise and use taxes may be unnecessary. As raised in testimony, the provisions may be impossible to enforce based on Constitutional issues and may grant only a de minimis benefit to taxpayers.



Accordingly, your Committee has amended this measure by:

- (1) Deleting section 2, thereby removing the general excise tax exemption for kalo products;
- (2) Deleting section 3, thereby removing the use tax exemption for kalo products; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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 S.B. No. 1307, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1307, S.D. 1, and be referred to the Committee on Ways and Means.

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


RUSSELL E. RUDERMAN, Chair



