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Subject: *Submitted testimony for SB224 on Feb 10, 2015 14:45PM*
Date: Wednesday, February 04, 2015 10:09:42 AM

SB224

Submitted on: 2/4/2015

Testimony for AGL on Feb 10, 2015 14:45PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Betty Lynn Moulton	Individual	Support	No

Comments:

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February 3, 2014

HEARING BEFORE THE
SENATE COMMITTEE ON AGRICULTURE

TESTIMONY ON SB 224
RELATING TO AGRICULTURAL LOANS

Room 414
2:45 PM

Aloha Chair Ruderman, Vice Chair Riviere, and Members of the Committee:

I am Christopher Manfredi, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,932 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.

HFB supports the intent of SB 224 which creates an income tax exemption on the first \$50,000 of income for family farms, family farm communities, and family farm cooperatives.

HFB is supports any initiative that support Hawaii's small farmers and encourages new farming businesses.

We do recommend a broader definition of "Family farms" to include small farms that are incorporated.

Thank you for the opportunity to testify on this measure.

From: mailinglist@capitol.hawaii.gov
To: [AGL Testimony](#)
Cc: pennysfh@hawaii.rr.com
Subject: *Submitted testimony for SB224 on Feb 3, 2015 14:45PM*
Date: Monday, February 02, 2015 11:09:54 PM

SB224

Submitted on: 2/2/2015

Testimony for AGL on Feb 3, 2015 14:45PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
penny levin	Individual	Support	No

Comments:

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SCOTT E. ENRIGHT
Chairperson, Board of Agriculture

PHYLLIS SHIMABUKURO-GEISER
Deputy to the Chairperson

**TESTIMONY OF SCOTT E. ENRIGHT
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE SENATE COMMITTEE ON AGRICULTURE
Room 414
February 3, 2015
2:45 P.M.
CONFERENCE ROOM 414**

**SENATE BILL NO. 224
RELATING TO FARMS**

Chairperson Ruderman Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 224 that would establish an income tax exemption on the first \$50,000 of gross annual income from agricultural sales for family farms, family farm communities, and family farm cooperatives. The Department supports the intent of this measure and offers comments.

This bill is comprised of a series of requirements that reduces the number of small, diversified farming businesses farmers that would qualify. According to the 2012 Census of Agriculture, 88 percent (6,171) of Hawaii's 7,000 farms make less than the \$50,000 threshold of income from agricultural sales. Of these 6,171 farmers, the bill applies to farms owned or leased by an individual or family but excludes those that are not owned or leased by an individual or family. We do not have information on how many of these farms with less than \$50,000 annual income would qualify as "family farms", or the acreage of agricultural land that is farmed by family farms.

The basis of the exemption from income tax is the family farm which is defined as "...a farm owned or leased by an individual or family..." This appears to exclude non-



family partnerships and corporations and other entities with less than \$50,000 gross income. We do not know how many farms are owned or leased by non-family entities.

The requirement that a family farm makes no less than 75 percent of annual gross income from food production sold for consumption within the State will exclude those family farms with incomes from sources other than farming. There is anecdotal evidence that many of Hawaii's farmers have income from non-farming sources. This requirement may further reduce the number of farms that would qualify for the proposed income tax exemption. With respect to the requirement that the food production sold is for consumption within the State, we do not know how this could be verified and by whom.

Given the lack of data as referenced in this testimony, we would recommend that further research be done to ascertain the number of individuals who would be affected by the proposed income tax exemption and its resulting effect on the growth of new, small, and diversified farming businesses as intended in this measure.

The Department would also defer to the Department of Taxation as to the implementation of the exemption.

Thank you for this opportunity to present our testimony.