

Honolulu, Hawaii

FEB - 9 2017

RE: S.B. No. 416  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred S.B. No. 416 entitled:

"A BILL FOR AN ACT RELATING TO FARMS,"

begs leave to report as follows:

The purpose and intent of this measure is to create an exclusion from income tax for the first \$50,000 of income earned by farmers whose annual gross income is \$200,000 or less.

Your Committee received testimony in support of this measure from the Department of Agriculture; Hawai'i Farm Bureau; and Hawaii Cattlemen's Council, Inc. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the growth of small, diversified farming businesses adds to and diversifies Hawaii's economy. Your Committee finds that the creation of an exclusion from income tax for the first \$50,000 of income earned for such businesses will encourage the growth of new, small, and diversified farming businesses, will not significantly affect tax collections by the State, and will improve the long-term economic well-being of the State.

Your Committee has amended this measure by:

- (1) Specifying that "farmer" means an individual earning more than seventy-five per cent of the individual's

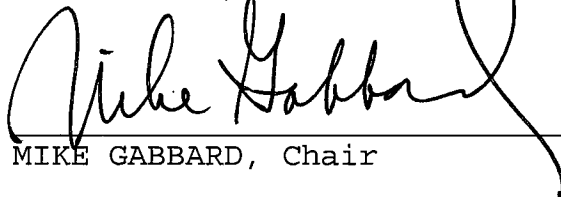


gross income from farm products grown and sold by the individual in the State;

- (2) Applying the exclusion to taxable years beginning after December 31, 2017; 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 and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 416, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 416, S.D. 1, and be referred to your Committee on Ways and Means.

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




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MIKE GABBARD, Chair



The Senate  
Twenty-Ninth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Agriculture and Environment**  
**AEN**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB416	AEN, WAM	Feb. 3, 2017		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
		<input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	X			
RIVIERE, Gil (VC)	X			
NISHIHARA, Clarence K.				X
RHOADS, Karl		X		
RUDERMAN, Russell E.				X
<b>TOTAL</b>	2	1	0	2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <span style="margin-left: 200px;"><input type="checkbox"/> Not Adopted</span>				
Chair's or Designee's Signature:				
				
<b>Distribution:</b>				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes