

Honolulu, Hawaii

FEB 15 2017

RE: S.B. No. 433
S.D. 1

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

Sir:

Your Committees on Agriculture and Environment and Transportation and Energy, to which was referred S.B. No. 433 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

beg leave to report as follows:

The purpose and intent of this measure is to allocate a portion of the environmental response, energy, and food security tax (barrel tax) to the Hawaii agricultural development revolving fund.

Your Committees received testimony in support of this measure from the Department of Agriculture; Agribusiness Development Corporation; Hawai'i Farm Bureau; Hawaii Farmers Union United; Hawaii Cattlemen's Council, Inc.; and three individuals. Your Committees received comments on this measure from the Department of Taxation, Department of Budget and Finance, and Tax Foundation of Hawaii.

Your Committees find that the Agribusiness Development Corporation is tasked with the priority of transitioning Hawaii's agriculture industry from an industry dominated by sugar and pineapple to one based on a greater diversity of crops. Hawaii's environmental response, energy, and food security tax, also known as the barrel tax, provides a funding source for energy and food security initiatives; however only forty-three percent of the barrel tax is allocated to support environmental response, energy, and food security. Your Committees find that this measure aligns

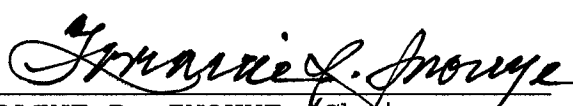


the allocation of portions of the barrel tax with the original intent of the \$1.00 per barrel increase in the barrel tax enacted by Act 73, Regular Session of 2010, to fund, among other things, the acquisition of agricultural land and to assist with food sustainability in the State.

Your Committees have amended this measure by inserting an effective date of July 1, 2050, to encourage further discussion.

As affirmed by the records of votes of the members of your Committees on Agriculture and Environment and Transportation and Energy that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 433, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 433, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Agriculture and
Environment and Transportation
and Energy,



LORRAINE R. INOUE, Chair


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: | | |
| SB 433 | AEN/TRE, WAm | Feb. 6, 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 | | | |
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| TOTAL | 5 | 0 | 0 | 0 |
| Recommendation: | | | | |
| <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | |
| Chair's or Designee's Signature: | | | | |
|  | | | | |
| Distribution: | | | | |
| Original | Yellow | Pink | Goldenrod | |
| File with Committee Report | Clerk's Office | Drafting Agency | Committee File Copy | |

*Only one measure per Record of Votes

