

STAND. COM. REP. NO.

83

Honolulu, Hawaii

FEB - 9 2017

RE: S.B. No. 554

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. 554 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to create an exclusion from general excise tax for the gross proceeds of a qualified small farmer from the sale of produce.

Your Committee received testimony in support of this measure from the Department of Agriculture; Hawaii Cattlemen's Council, Inc.; and Hawai'i Farm Bureau. Your Committee received comments on this measure from the Department of Taxation, Department of the Attorney General, 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 general excise tax for the gross proceeds of qualified small farmers 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.

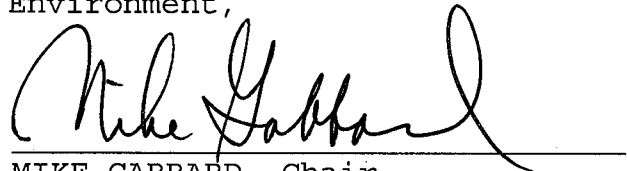
Your Committee has amended this measure by:



- (1) As recommended by the Department of the Attorney General, removing language that requires a "qualified small farmer" to cultivate land in the State;
- (2) As recommended by the Department of Agriculture, specifying that a "qualified small farmer" must grow produce on a parcel of land that is classified and zoned as agricultural land by the Land Use Commission and county in which it is located, respectively;
- (3) Specifying that a "qualified small farmer" must grow produce on a parcel of land no larger than nine acres;
- (4) Applying the exemption to gross income or gross proceeds received after December 31, 2017, and before January 1, 2023; and
- (5) 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. 554, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 554, 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,




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:		
SB554	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
TOTAL	2	1	0	2
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