

Honolulu, Hawaii

MAR 23 , 2018

RE: S.B. No. 2565
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Agriculture, to which was referred S.B. No. 2565, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAX EXEMPTION,"

begs leave to report as follows:

The purpose of this measure is to address the high cost of agricultural equipment by establishing a statewide general excise tax exemption for farm equipment and machinery purchased by an agricultural producer; provided that:

- (1) The producer's annual gross income does not exceed \$200,000; and
- (2) The farm equipment and machinery are used in the conduct of agricultural operations and are not purchased for resale.

The Hawai'i Farm Bureau, Land Use Research Foundation of Hawaii, Maui County Farm Bureau, Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i, and numerous concerned individuals supported this measure. The Department of Agriculture, Department of Taxation, and Tax Foundation of Hawaii submitted comments on this measure.



Your Committee has amended this measure by deleting the requirement that the rules adopted by the Director of Taxation shall include any time limits for the exemptions.

Your Committee respectfully requests your Committee on Finance to consider the concerns of the Tax Foundation of Hawaii relating to the existing capital goods excise tax credit as set forth in its testimony submitted on this measure and take any action it deems appropriate.

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. 2565, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2565, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

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


RICHARD P. CREAGAN, Chair



