

STAND. COM. REP. NO. **2047**

Honolulu, Hawaii

FEB 06 2018

RE: S.B. No. 3031  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred S.B. No. 3031 entitled:

"A BILL FOR AN ACT RELATING TO THE ORGANIC FOODS PRODUCTION TAX CREDIT,"

begs leave to report as follows:

The purpose and intent of this measure is to clarify and strengthen the organic foods production tax credit.

Your Committee received testimony in support of this measure from the Department of Agriculture, Hawai'i Farm Bureau, and Hawaii Farmers Union United. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the Legislature passed Act 258, Session Laws of Hawaii 2016, codified as section 235-110.94, Hawaii Revised Statutes, which established the organic foods production tax credit for farmers, ranchers, and producers seeking to obtain organic certification as an effort to reduce the burden on emerging small farmers seeking costly, but necessary, certifications and inspections promoting the production of locally grown food. The federal Organic Foods Production Act also provides exemptions for certain small farmers of organic products to reduce their operation costs. This measure further assists



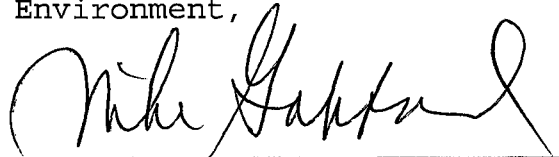
small farmers by clarifying and strengthening the organic foods production tax credit.

Your Committee has amended this measure by:

- (1) Inserting language to specify the determination of pro rata basis for allocation of the tax credit;
- (2) Repealing language that allowed the Board of Agriculture to assess and collect a fee to offset the costs of certifying tax credit claims; 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. 3031, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3031, 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.:* <b>SB 3031</b>	Committee Referral: <b>AEN, WAM</b>	Date: <b>1/31/18</b>		
<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>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="display: flex; justify-content: space-around; margin-top: 10px;"> </div>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes