

DAVID Y. IGE
Governor

SHAN S. TSUTSUI
Lt. Governor



State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

SCOTT E. ENRIGHT
Chairperson, Board of Agriculture

PHYLLIS SHIMABUKURO-GEISER
Deputy to the Chairperson



TESTIMONY OF SCOTT E. ENRIGHT
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON AGRICULTURE

FEBRUARY 8, 2017
8:30 A.M.
CONFERENCE ROOM 312

HOUSE BILL NO. 728
RELATING TO AGRICULTURE

Chairperson Creagan and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 728 that seeks to include livestock, aquaculture, and aquaponics to those agricultural commodities for which the amount received from loading, transportation, and unloading these commodities are exempt from the general excise tax. The Department of Agriculture supports the intent of this measure to the extent that it helps producers.

Thank you for the opportunity to comment on this measure.



DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

To: The Honorable Richard P. Creagan, Chair
and Members of the House Committee on Agriculture

Date: Wednesday, February 8, 2017

Time: 8:30 A.M.

Place: Conference Room 312, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: H.B. 728, Relating to Agriculture

The Department of Taxation (Department) appreciates the intent of H.B. 728 and provides the following comments for your consideration.

H.B. 728 expands the definition of “agricultural commodities” for the purposes of the general excise tax (GET) exemption on amounts received from the loading, transportation, and unloading of agricultural commodities between islands. The bill expands the definition of “agricultural commodities” to include various livestock, meat, milk, and eggs, and “products of aquaculture or aquaponics, to be consumed in the State, whether processed in the State or imported.” The measure is effective July 1, 2017.

First, the Department notes that there is no definition presently in the statutes of “products of aquaculture and aquaponics”. Clarification of this term will be necessary in order to properly implement the proposed expansion of the existing tax exemption.

Additionally, if the Committee wishes to advance this measure, the Department requests that the effective date be amended to so that the measure be made applicable to taxable years beginning after December 31, 2017, to allow the Department sufficient time to amend the relevant forms and instructions.

Thank you for the opportunity to provide comments.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 6, 2017 1:38 PM
To: AGRtestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB728 on Feb 8, 2017 08:30AM*

HB728

Submitted on: 2/6/2017

Testimony for AGR on Feb 8, 2017 08:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Broaden Exemption for Interisland Transport of Agricultural Commodities

BILL NUMBER: SB 605; HB 728

INTRODUCED BY: SB by NISHIHARA, Shimabukuro; HB by AQUINO

BRIEF SUMMARY: Amends HRS section 237-24.3(1), which currently exempts from the GET amounts received from the interisland transportation of agricultural commodities, to also include interisland transportation of meat products, milk, poultry products, eggs, and products of aquaculture and aquaponics.

EFFECTIVE DATE: July 1, 2017.

STAFF COMMENTS: The existing exemption in HRS section 237-24.3(1) refers to several definitions in HRS section 147-1, which now refers to fresh fruits, vegetables, nuts, honey, and coffee. If the idea is to exempt interisland transportation of all kinds of agricultural products, especially locally grown and caught food products, flowers, and the like, a better definition may be found in HRS section 237-5, which is designed to capture many kinds of agricultural products and producers.

At present, the GET can only be imposed on transportation by water because GET on transportation of passengers or cargo by air is preempted by federal law, 49 U.S.C. section 40116. It may be desirable from a policy perspective to conform tax treatment of interisland transportation by water to tax treatment of interisland transportation by air.

Digested 1/26/2017

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 7, 2017 8:34 AM
To: AGRtestimony
Cc: warrenmcfb@gmail.com
Subject: *Submitted testimony for HB728 on Feb 8, 2017 08:30AM*

HB728

Submitted on: 2/7/2017

Testimony for AGR on Feb 8, 2017 08:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Warren Watanabe	Maui County Farm Bureau	Support	No

Comments:

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P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

February 8, 2017

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE

TESTIMONY ON HB 728
RELATING TO AGRICULTURE

Room 312
8:30 AM

Aloha Chair Creagan, Vice Chair DeCoite, and Members of the Committee:

I am Randy Cabral, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interests of our diverse agricultural community.

HFB strongly support HB 728, which expands the agricultural commodities general excise tax exemption to include cattle, goats, lambs, sheep, hogs, pork, and chickens; meat and carcasses of cattle, goats, lambs, sheep, hogs, pork, and chickens; milk products; eggs; and products of aquaculture and aquaponics.

Hawaii's livestock industry faces numerous challenges. These challenges have been a contributing factor to the decline of the state's livestock industry. Sustainability, self-sufficiency and growing agriculture are popular concepts seen in many of the measures before the legislature this year. This Legislative Session, there have been many bills introduced that support of Hawaii's agricultural Industry.

Our livestock and aquaculture industries are struggling with the high cost of their operations. This measure, which seeks to provide a GET exemption to assist Hawaii's livestock and aquaculture industries, is critical to insure the sustainability of Hawaii's livestock and aquaculture industries. This will help to reduce the operating costs and eventually help reduce the cost of purchasing local livestock and aquaculture products to local consumers.

Thank you for the opportunity to comment on this measure.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 6, 2017 10:50 PM
To: AGRtestimony
Cc: director@bettercropshawaii.com
Subject: *Submitted testimony for HB728 on Feb 8, 2017 08:30AM*

HB728

Submitted on: 2/6/2017

Testimony for AGR on Feb 8, 2017 08:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
BENNETTE MISALUCHA	Hawaii Crop Improvement Association	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 7, 2017 12:07 PM
To: AGRtestimony
Cc: spawaikiki@gmail.com
Subject: Submitted testimony for HB728 on Feb 8, 2017 08:30AM

HB728

Submitted on: 2/7/2017

Testimony for AGR on Feb 8, 2017 08:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
dennis boyd miller	Individual	Oppose	No

Comments: Dear Representatives, I'm Dennis Miller, a Waikiki resident. I'm writing to urge you to oppose this bill. Society needs to shift away from such a high level of meat consumption. Meat agriculture is a significant cause of global warming. High consumption of meat is associated with higher risks for the leading cause of death in the USA: heart disease. By de- incentivizing a meat based diet, people are more likely to shift towards a 'reduced meat' diet. This increases public health, and encourages the limited agricultural land in Hawaii to be utilized for the farming of vegetables, which can lead to a higher level of food security in Hawaii than meat agriculture can. Thank you, Dennis Miller

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 7, 2017 11:09 AM
To: AGRtestimony
Cc: alan@prloffice.com
Subject: Submitted testimony for HB728 on Feb 8, 2017 08:30AM

HB728

Submitted on: 2/7/2017

Testimony for AGR on Feb 8, 2017 08:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Alan Gottlieb	Ponoholo Ranch Limited	Support	No

Comments: This is an issue of parity. All other agricultural commodities have this G.E.T. Exemption. The reason we ask that livestock and meat, milk eggs, poultry, aquaculture, etc. be included in the definition is so like other Agricultural commodities, we will be exempt from the State's General Excise Tax. Over the years we have come across definitions of agriculture commodities which have not included livestock, or the meat from livestock agriculture, milk, eggs, poultry and aquaculture/aquaponics, etc. and have sought to have those corrected so they are included. The problem is that there are so many different places where there are definitions, we seem to need to deal with them one by one as they come to our attention. In the past the legislature has always been very supportive on this very common sense issue.

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LATE

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 8, 2017 7:24 AM
To: AGRtestimony
Cc: darakawa@lurf.org
Subject: Submitted testimony for HB728 on Feb 8, 2017 08:30AM

HB728

Submitted on: 2/8/2017

Testimony for AGR on Feb 8, 2017 08:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
David Z. Arakawa	Land Use Research Foundation of Hawaii	Support	No

Comments: The Land Use Research Foundation of Hawaii (LURF) SUPPORTS HB 728, which expands the agricultural commodities general excise tax exemption to include cattle, goats, lambs, sheep, hogs, pork, and chickens; meat and carcasses of cattle, goats, lambs, sheep, hogs, pork, and chickens; milk products; eggs; and products of aquaculture and aquaponics. LURF respectfully urges the favorable consideration of this measure by this Committee.

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LATE

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 7, 2017 6:54 PM
To: AGRtestimony
Cc: crystalkpaul@yahoo.com
Subject: *Submitted testimony for HB728 on Feb 8, 2017 08:30AM*

HB728

Submitted on: 2/7/2017

Testimony for AGR on Feb 8, 2017 08:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Crystal Kia Paul	Individual	Support	No

Comments:

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