

STAND. COM. REP. NO. **861**

Honolulu, Hawaii

MAR 01 2019

RE: S.B. No. 837
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 837, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO FARMS,"

begs leave to report as follows:

The purpose and intent of this measure is to encourage and support the growth of new, small, and diversified farming businesses.

More specifically, this measure excludes from the income tax the lesser of fifty-one percent or \$50,000 of gross annual income earned by a farmer.

Your Committee received written comments in support of this measure from the Department of Agriculture, Hawaii Farm Bureau, Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii, and Ulupono Initiative.

Your Committee received written comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that Hawaii imports far more goods and services than it exports, resulting in a significant negative trade flow. Your Committee also finds that the two largest trade imbalances are in the areas of energy and agriculture. Your Committee further finds that more efforts are needed to address



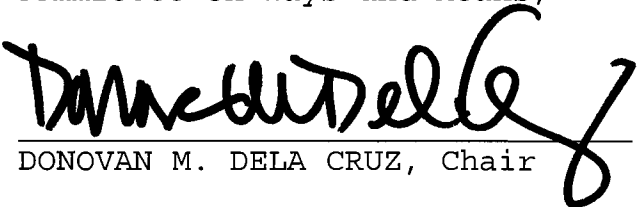
the imbalance in agricultural trade and significantly expand food production in the State.

Your Committee has amended this measure by:

- (1) Clarifying the entities to which the income tax exclusion applies;
- (2) Replacing the term "farming activities" with "agricultural activities";
- (3) Defining the term "value-added";
- (4) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (5) Making technical nonsubstantive amendments for purposes of consistency, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 837, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 837, S.D. 2.

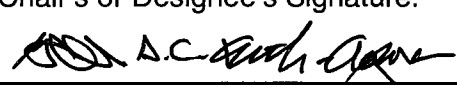
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:
SB 837, SDI	AEN, WAM	2/12/19
<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	
DELA CRUZ, Donovan M. (C)	X	
KEITH-AGARAN, Gilbert S.C. (VC)	X	
ENGLISH, J. Kalani	X	
HARIMOTO, Breene	X	
INOUYE, Lorraine R.	X	
KAHELE, Kaiali'i		X
KANUHA, Dru Mamo	X	
KIDANI, Michelle N.	X	
MORIWAKI, Sharon Y.	X	
RIVIERE, Gil	X	
SHIMABUKURO, Maile S.L.		X
TANIGUCHI, Brian T.	X	
FEVELLA, Kurt	X	
TOTAL	11	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