

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
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

RONA M. SUZUKI
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

To: The Honorable Donovan M. Dela Cruz, Chair;
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair;
and Members of the Senate Committee on Ways and Means

From: Rona M. Suzuki, Director
Department of Taxation

Re: **S.B. 3038, S.D. 1, Relating to Taro**
Date: Tuesday, February 25, 2020
Time: 12:40 P.M.
Place: Conference Room 211, State Capitol

The Department of Taxation (Department) offers the following comments regarding S.B. 3038, S.D. 1.

S.B. 3038, S.D. 1, adds a new section to chapter 235, Hawaii Revised Statutes (HRS), exempting “persons engaged in the business of taro production” and the following list of taro-related items from the State income tax:

- Taro plants, taro corm, leaf, and huli for taro farms or portions of farms dedicated to plants, corm, leaf, and huli;
- Taro lands planted with taro, with requirements for including fallow rotation lands; and
- All mills, machinery, appliances, tools, and buildings used exclusively in the care, cultivation, and preparations of taro and poi for market.

The proposed exemption would make nontaxable the first \$100,000 of gross income per individual, farm, or poi mill, but persons in the business of taro production will become taxable when the Department of Land and Natural Resources (DLNR) determines that “the total amount of land for locally grown taro in the State surpasses thirty thousand acres[.]” The measure applies to taxable years beginning after December 31, 2019.

The Department notes with appreciation that the Committee on Agriculture and Environment adopted two of the Department’s suggested amendments: to establish the exemption as a new standalone section in HRS instead of amending an existing statute and clarifying the language around DLNR’s enforcement of the thirty-thousand acre threshold. The Department defers to DLNR on its ability to determine when the total amount of land for locally grown taro surpasses the 30,000-acre threshold.

The Department also notes that paragraphs (2) and (3) do not seem to describe activities from which income is generated by a taro farmer. As currently written, it is unclear how these exclusions would be applied. Is paragraph (2) intended to exclude the income from the sale of

qualifying land? Does paragraph (3) exempt the seller of equipment or a contractor who builds a qualifying building? The Department suggests clarifying who qualifies for the exclusion (define “person engaged in taro production”) and be more specific as to what income will be exempted.

Thank you for the opportunity to provide comments.

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

MORRIS M. ATTA
Deputy to the Chairperson

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

**TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

**TUESDAY, FEBRUARY 25, 2020
12:40 P.M.
CONFERENCE ROOM 211**

SENATE BILL NO. 3038, SENATE DRAFT 1

Chairperson Dela Cruz and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 3038, SD 1. This measure seeks to provide economic incentive for taro farmers, improve the livelihoods of existing taro farmers, and reduce the cost of poi for local families by excluding from State income taxes, the first \$100,000 of gross income to qualified entities from taro production, taro lands, and processing equipment and structures. This exclusion no longer applies once the Department of Land and Natural Resources determines the total amount of land for taro growing surpasses 30,000 acres. 2018 harvested wet and dryland taro acreage was 310 acres, down from 350 acres in 2017 because of crop damage from flooding rains.

The Department supports the intent of this measure, defers to the Department of Taxation with respect to the proposed amendments to Chapter 235, and offers comments.

All farmers in Hawaii are saddled with the high cost of farming inputs, including land, water, labor, and energy. Both the Administration and the Legislature have expressed strong support to increase local food self-sufficiency. We believe this effort to increase income to taro farmers would align better with the priority to increase food self-sufficiency by extending the proposed exclusion from income tax to all agricultural producers and the agricultural products they produce across the State.

Thank you for the opportunity to testify on this measure.





LATE

**SB3038 SD1
RELATING TO TARO**

Ke Kōmike ‘Aha Kenekoa o ke Ki‘ina Hana a me nā Kumuwaiwai

Pepeluali 25, 2020

12:40 p.m.

Lumi 211

The Office of Hawaiian Affairs (OHA) **SUPPORTS** SB3038 SD1, which would create economic incentives for taro farmers, and potentially reduce the cost of poi and other taro products for local families by exempting taro production from state income taxes.

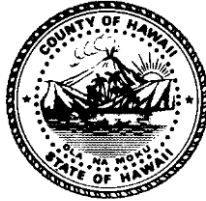
In 2008, the Hawai‘i State Legislature passed Act 211, which established the Taro Security and Purity Task Force (Task Force). Act 211 directed taro farmers, agencies, and University of Hawai‘i representatives to seek solutions to the challenges facing taro production, taro farmers, and taro markets. Funding and administrative support from OHA enabled the Task Force to meet consistently and to gather input from taro growing communities on all islands over a period of 12 months.

The Task Force’s ensuing 2010 Legislative Report, entitled, “E Ola Hou Ke Kalo; Ho‘i Hou Ka ‘Āina Lē‘ia – The Taro Lives; Abundance Returns to the Land,” issued 87 recommendations and grouped them according to the following categories: Land; Water; Economic Viability; Biosecurity; Research; Communication, Education, and Public Awareness; and Hawaiian Taro Varieties. Among them were recommendations to implement tax relief measures to ease cost burdens on existing and future taro farmers.

Consistent with the Taro Security and Purity Task Force’s report and recommendations, this measure provides for income tax relief that will facilitate our taro farmers’ ability to overcome economic barriers to their overall success. By exempting taro farmers, taro farms, and poi mills from state income taxes up to a certain amount, this bill would incentivize current and future taro farmers, including our youth, to engage in, maintain, and expand their taro farming activities, thereby contributing to our living cultural foundation as well as to the overall food security and self-sufficiency of our islands. .

Accordingly, OHA urges the Committee to **PASS** SB3038 SD1. Thank you for the opportunity to testify on this measure.

Harry Kim
Mayor



Diane L. Ley
Director

Riley Saito
Deputy Director

County of Hawai'i

DEPARTMENT OF RESEARCH AND DEVELOPMENT

25 Aupuni Street, Room 1301 • Hilo, Hawai'i 96720-4252
(808) 961-8366 • Fax (808) 935-1205
E-mail: chresdev@hawaiicounty.gov

February 24, 2020

State of Hawai'i
Senate Committee on Ways and Means

Re: Testimony on Senate Bill 3038 SD1
Relating to Taro

By: Diane L. Ley, Director
Department of Research and Development

Dear Chairman Dela Cruz, Vice Chairman Keith-Agaran and Members of the Committee:

The County of Hawai'i, Department of Research and Development supports the intent of SB3038 of providing an economic incentive to support and increase the production of kalo.

According to the 2017 census, Hawai'i County has the most farms (67), but the least amount of acreage (76). Poi is in short supply and it must be imported to meet local demand. There is a resurgence in the training and interest of the local youth in the cultivation of kalo, which bodes well for the future. However, the economic challenges of producing a profitable crop, the increasing costs of inputs, machinery, and shortage of agricultural labor keeps the youth of entering the production industry.

Increasing kalo production needs for it to be able to be cultivated without the threat of invasive species. The importation of fresh kalo brings with it the threat of a disease or insect that can devastate the kalo industry. The interagency biosecurity plan must be implemented and strictly enforced to preserve the industry. There are many diseases that threaten kalo production and two major ones are alomae and bobone. Alomae is a lethal disease and bobone reduces production by 25%. Both are caused by viruses and transmitted by insect vectors. Spraying chemicals adds costs and there is a ban on research on genetic modification of kalo.

Governor Ige announced that his goal was to double food production by 2030. This bill will be the first one to provide an economic incentive to agricultural producers to provide local food and to expand production towards that goal. An

incentive similar to this bill should be expanded to other agricultural producers to stimulate the expansion of the agricultural sectors. That would bring Governor Ige's goal of doubling food production by 2030 closer to reality.

Thank you for the opportunity to testify in support of this measure.



OFFICE OF ECONOMIC DEVELOPMENT
THE COUNTY OF KAUAI

DEREK S. K. KAWAKAMI, MAYOR
MICHAEL A. DAHLIG, MANAGING DIRECTOR

LATE

Testimony of Nalani Brun
Acting Director, Office of Economic Development

Before the
Senate Committee on Ways and Means
February 25, 2020; 12:40 pm
Conference Room 211

In consideration of
Senate Bill 3038 SD1 Relating to Taro

Honorable Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee

The County of Kauai **supports** SB 3038 SD1 which exempts taro production from the state income tax. Kauai has more taro in cultivation than the rest of the state combined, but sadly, this totals only 443 acres. Kauai's 2018 General Plan includes several objectives that relate to the preservation of taro production:

- P 91 Under the goal of retaining and restoring the historic character of Hanalei, the plan calls for the County to "...protect the kalo lo'i of Hanalei in perpetuity."
- P 166 Under the objective of ensuring the long-term viability and productivity of agricultural lands, the plan calls for "*Perpetuating Kauai's Long Tradition of Agriculture*" and further describes this tradition as follows: "*In i ka wā kahiko (meaning "in old times/long ago/in the age of antiquity"), a variety of lo'i terraces, dry-land agriculture, fish ponds, and salt pans supported a large population. Some of Kauai's modern agricultural infrastructure is inherited from the ancient Hawaiians, such as taro fields and ditch systems. Traditional agricultural products such as taro, coconut, and breadfruit are still in demand and are synonymous with both healthy living and regional identity.*"

The Kauai General Plan further describes the pressures that development exerts on taro production on the North Shore:

- P 167 *Taro production is concentrated in and around Hanalei. The North Shore's land ownership patterns are more fragmented and among the most desirable areas for high-end housing. This, coupled with regulations that permit agricultural condominiums, exerts development pressure on the North Shore's agricultural lands.*



The General Plan discusses the importance of perpetuating cultural practices such as taro production:

P 178 Under the objective of recognizing and protecting the resources and places important to Kaua'i's history and people, the plan calls for *"Perpetuating Cultural Practices through Restoration, Stewardship, and Education"* and further states *"Important lo'i kalo, dry land field systems, and fishponds are examples of Hawaiian engineering tailored to particular ecological conditions. Protecting and restoring them is vital to the restoration of culture, Hawaiian way of life, flourishing ecosystems, and local food production. For example, the community-stewarded lo'i of Waipā and Kē'ē connect residents to the places where many no longer can afford to reside."*

If we wish to preserve the tradition of taro farming in Hawaii, we must plainly recognize that it has been disappearing for decades under the current system, and that special treatment such as this measure's proposed income tax relief may be both necessary and appropriate to restore and perpetuate it.

Thank you for the opportunity to testify in support of this measure.

SB-3038-SD-1

Submitted on: 2/20/2020 4:53:05 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Stephanie Lauifi	Testifying for Lauifi's Farming, LLC	Support	No

Comments:

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TAXATION; Taro Production

BILL NUMBER: SB 3038, SD-1

INTRODUCED BY: Senate Committee on Agriculture and Environment

EXECUTIVE SUMMARY: Exempts taro production from the state income tax.

SYNOPSIS: Adds a new section to chapter 235, HRS, providing that persons engaged in the business of taro production shall not be taxable under the Income Tax Law, except for payroll withholding tax and unrelated business income tax. The business of taro production includes (1) taro plants, taro corm, leaf, and huli for taro farms or portions of farms dedicated to taro plants, taro corm, leaf, and huli; (2) taro lands planted with taro, inclusive of fallow rotation lands specifically for taro production of less than or equal acreage to lands in active taro production by each individual grower; and (3) all mills, machinery, appliances, tools, and buildings used exclusively in the care, cultivation, and preparations of taro and poi for market. Provides that up to the first \$100,000 of gross income per individual, farm, or poi mill shall not be taxable under this chapter; provided further that this exclusion shall not apply if at any time during the year the total amount of land for locally grown taro in the State surpasses thirty thousand acres, as determined by the department of land and natural resources.

EFFECTIVE DATE: This Act, upon its approval, shall apply to taxable years beginning after December 31, 2019.

STAFF COMMENTS: This measure proposes incentives under the income tax to encourage the production of kalo in the state.

The use of the tax system to provide financial assistance in the form of preferential tax treatment under the income tax is an inefficient use of the tax system. This preferential treatment proposed in this measure amounts to nothing more than a subsidy as there is no obvious undue burden of taxes. If this measure is enacted, it will provide one industry with preferential treatment. That is bad tax policy.

Again it should be noted that this measure proposes an exclusion of income from the net income tax. It should be remembered, companies only pay taxes when they make a profit, that is income is greater than expenditures. As such, this bill rewards a company for making profits while all other businesses that make profits must pay the income tax. If this operation were not profitable, then income tax would not apply. It would only seem fair that some of the profits made by the company go to pay for the public services provided to that business and its employees. Further, it should be noted that by exempting the business from the state income tax on its profits, it exposes more of those profits to the federal income tax where the rates are much higher. Thus, in the end, this exemption would end up sending more tax dollars to Washington while leaving Hawaii empty handed.

Giving tax breaks to one select group of taxpayers comes at the expense of all other taxpayers. As such, it is an insult to all other taxpayers that they are not deserving of such tax preferences. Rather than singling out a particular area for tax relief, concurrent efforts must be made to improve Hawaii's business climate to enhance the economic prospects for all businesses.

If lawmakers want to subsidize this specific project, then an appropriation of funds is far more accountable as taxpayers will then know who is to receive the subsidy, how much is being spent and then they can judge whether or not this is an appropriate use of state taxpayer dollars.

Technical and fairness problems abound with the mechanics of the bill. The bill excludes the first \$100,000 of gross income, but the income tax is imposed on net income. If the taro acreage passes 30,000 acres at any time during the year, the exclusion is disallowed for everyone, which may dash settled expectations that farmers had been relying upon when planning their plantings. Finally, the definition of the taxpayers to which the exemption apply appears to be loose and appears to contain inconsistencies. A cleanup of the bill should be required if the bill is to move forward.

Digested 2/21/2020



**HO'O ULU AINA
FARMS**

TUESDAY, FEBRUARY 25, 2020, 12:40PM

STATE OF HAWAII
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON SENATE BILL 3038 SD1
RELATING TO TARO

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee

Ho'oulu 'Aina Farms **strongly supports** SB3038 SD1 relating to taro. As an island state Hawaii is on the front lines of this climate crisis. We face a unique set of issues relating to its high biodiversity, isolation, and exposure to external economic shocks.

To enhance the effectiveness of this bill to promote taro farmers and poi production Ho'oulu 'Aina Farms suggests a non substantive addition to the proposed bill to include poi sales exempt under this new statute. Please consider the additions below:

"§235- Exemption; taro and poi production. Except as provided in sections 235-61 to 235-67 relating to withholding and collection of tax at source, and section 235-2.4 relating to "unrelated business taxable income", persons engaged in the business of taro or poi production shall not be taxable under this chapter.

As it relates to persons engaged in the business of taro or poi production, the following shall not be taxable under this chapter:

Throughout Hawai'i, traditional agriculture, and specifically lo'i kalo historically played an important role within the traditional ahupua'a system. Lo'i provided a host of ecosystem services to native plants and animals while at the same time supporting a large human population, contributing to a vibrant and resilient community.

Lo'i Kalo is a unique and viable solution to climate change. The broad scale use of lo'i kalo provides a variety of mitigation strategies by 1) removing entrained sediments from the stream and provide the needed retention times that allow fine-grained sediment to settle out of suspension 2) decentralizes storm-water management, treating water close to its source, at key points throughout the landscape instead of relying solely upon a few large dams or basins 3) absorbing nitrogen and phosphorous, nutrients essential for the growth of kalo, but harmful to coral reefs 4) providing additional storage areas and flow paths for large volumes of water, spreading out the force of flood waters and preventing damage 5) increasing the floodplane and opportunities for infiltration and aquifer recharge.



**HO'O ULU AINA
FARMS**

This bill will be extremely helpful in promoting food security in Hawaii and increase the capacity for taro farmers to reinvest their minimal profits back into their farms. This ensures the protection of Hawaii's state plant and provides a triple benefit for addressing changing climatic conditions.

Mahalo for this opportunity to provide testimony for this bill and the promotion of the kalo and poi industries

Neal Hoapili Ane
Owner Operator
Ho'oulu 'Aina Farms



TUESDAY, FEBRUARY 25, 2020, 12:40PM

STATE OF HAWAII
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON SENATE BILL 3038 SD1
RELATING TO TARO

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee

The Living Pono Project **strongly supports** SB3038 SD1 relating to taro. LPP's mission is to revitalize our Hawaiian culture through education, outreach, and environmental restoration. We provide educational resources to k-12 students with an emphasis on perpetuating the Hawaiian culture. We also provide work related postsecondary education and employment opportunities for adults with disabilities. The LPP is inspired and guided by many core Hawaiian values, especially the Aloha spirit and being Pono. The founders of LPP believe that as the people of Hawaii we have a responsibility to take care of our people and the aina so that future generations of Native Hawaiians and islanders can thrive.

This bill promotes the governors mandate to double food production by 2030, will increase food security in Hawaii, and build the capacity for taro farmers to reinvest their minimal profits back into their farms. The number of taro farms and total acreage statewide, as well as the sale of taro and poi, generates only a small amount of tax revenue for the state; this tax exemption would have negligible impacts on state revenues and incentives for young taro farmers.

Furthermore, this bill ensures the protection of Hawaii's state plant and provides a triple benefit for promoting cultural values, building a circular economy, being food resilient, and addressing climate change.

- Taro should be recognized as the next "Super Food". Taro is hypoallergenic, high in antioxidant and potassium, vitamins A & C and folate, which helps to reduce high cholesterol levels, promotes fetal development, maintains a bodies pH balance, promotes eye health
- Most taro farmers earn far less than the low income or poverty line rates established by the state.
- The cost of poi (avg. \$7-10 per pound retail; as high as \$13 per pound) remains inaccessible to families most in need of this important staple starch food; a tax exemption for poi mills could help reduce the high cost of poi for such families.

Mahalo for this opportunity to testify in support of SB3038 SD1

Mercer Vicens
President, BOD
Living Pono Project



Pono Hawai'i Initiative

Josh Frost - President • Patrick Shea - Treasurer • Kristin Hamada
Nelson Ho • Summer Starr

Tuesday, February 25, 2020

Relating to Taro
Testifying in Support

Aloha Chair and members of the committee,

The Pono Hawai'i Initiative (PHI) **supports SB3038, SD1 Relating to Taro**, which exempts taro production from the State income Tax.

This measure helps to incentivize farmers to grow taro, one of the best staple starch foods available. By encouraging more people to grow and produce taro we can help increase local food production and help Hawai'i reach its food sustainability goals. Encouraging taro farming will also help to keep native Hawaiian traditions alive.

For all these reasons, we urge you to move this bill forward.

Mahalo for the opportunity,
Gary Hooser
Executive Director
Pono Hawai'i Initiative



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 25, 2020

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON SB 3038, SD1
RELATING TO TARO

Room 211
12:40 PM

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 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.

The Hawaii Farm Bureau supports SB 3038, SD1, which exempts taro production from the state income tax.

The Hawaii Farm Bureau recognizes taro's importance in Hawaii's cultural identity and role in local food security. This measure is aimed to assist taro farmers in their efforts to increase their production and viability. We support this effort to improve the taro farmer's ability to not only sustain themselves but also to expand their long term success.

HFB supports any initiative that reduces the cost of production so that locally produced goods can compete with imported products, strengthening our local economy.

Hawaii Farm Bureau Policy states:

"State tax and monetary policies should be designed to encourage private initiative to help stabilize farm economics in the State of Hawaii, to promote employment and economic growth and to distribute the tax burden equitably. Further such policy should be used by the state, when appropriate, to encourage agricultural growth and expansion."

HFB supports SB 3038 which is an investment in Hawaii's taro farmers.

Thank you for this opportunity to testify on this important subject.

SB-3038-SD-1

Submitted on: 2/24/2020 11:37:32 AM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Lynette Cruz	Testifying for Hui Aloha Aina o Ka Lei Maile Alii	Support	No

Comments:

Hui Aloha Aina o Ka Lei Maile Alii supports the intention of this bill.

SB-3038-SD-1

Submitted on: 2/20/2020 4:26:25 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Sharlene Chun Lum	Individual	Support	No

Comments:

I support SB3038, SD1 as we need more farmers to grow taro, a healthy staple of any diet for people of all ages--keiki to kupuna. It is an expensive and labor intensive crop to raise so any support you can give to help offset the costs is much appreciated.

SB-3038-SD-1

Submitted on: 2/20/2020 5:40:08 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
John R. Gordines	Individual	Support	No

Comments:

SB-3038-SD-1

Submitted on: 2/20/2020 6:02:13 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
cheryl B.	Individual	Support	No

Comments:

I support.

SB-3038-SD-1

Submitted on: 2/21/2020 7:14:54 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Hokulani pilago	Testifying for Aloha aina	Support	No

Comments:

I I support this bill..

SB-3038-SD-1

Submitted on: 2/21/2020 7:16:51 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Lopaka K Lonoaea	Testifying for Aloha Aina	Support	No

Comments:

Need some changes but I support this bill..

SB-3038-SD-1

Submitted on: 2/21/2020 7:17:54 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
John-Howard Chang Wo	Individual	Support	No

Comments:

Aloha my name is John-Howard Chang Wo and I'm in support of bill SB3038.

SB-3038-SD-1

Submitted on: 2/21/2020 7:19:07 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jamie A. Rodrigues	Individual	Support	No

Comments:

I support SB3038

The Lahui needs access to taro instead of rice.

SB-3038-SD-1

Submitted on: 2/21/2020 7:19:12 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Diane Miller	Individual	Support	No

Comments:

I support SB 3038.

SB-3038-SD-1

Submitted on: 2/21/2020 7:19:12 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Chance Castro-Wong	Individual	Support	No

Comments:

I support SB3038.

SB-3038-SD-1

Submitted on: 2/21/2020 7:19:38 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Clyde Derwin Peters	Individual	Support	No

Comments:

I support SB3038.

SB-3038-SD-1

Submitted on: 2/21/2020 7:19:39 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Storaasli	Individual	Support	No

Comments:

I submit S.B. 3038

SB-3038-SD-1

Submitted on: 2/21/2020 7:19:42 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Malia Souza-Wright	Individual	Support	No

Comments:

I support SB3038. It is a sad state of affairs that the state in bringing in taro. This bill will help the farmers and hopefully bring down the price of poi, so that ordinary families.

SB-3038-SD-1

Submitted on: 2/21/2020 7:20:08 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dirk Campbell	Individual	Support	No

Comments:

I support sb3038

SB-3038-SD-1

Submitted on: 2/21/2020 7:20:15 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Danette Cruz-Losano	Individual	Support	No

Comments:

My name is Danette Cruz-Losano from Makaha, Hawai'i and I support this bill.

SB-3038-SD-1

Submitted on: 2/21/2020 7:20:30 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mark Saizon	Individual	Support	No

Comments:

I support this bill SB3038 SD1 because I feel it is important to us as Hawaiians.

SB-3038-SD-1

Submitted on: 2/21/2020 7:22:31 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dayne M Kaawalauole	Individual	Support	Yes

Comments:

Aloha no,

My name is Dayne Makanaokalani Kaawalauole. I am a full time student at Leeward CC, where I major in Business management. I am an army veteran and most importantly I am a Kanaka. I'm here to support S.B. 3038 that concerns with the ability for Kalo Farmers to provide Taro for the community, and more specifically the taxes that affect these farmers.

In S.B. 3038 it outlines the fact that Hawaii's food source is 85% outsourced. Kalo Or Taro is not only a staple in Hawaiian culture, but a staple food source for all of Hawaii inhabitants. On the journey of reclaiming Hawaii's self sustainability it seems counter productive that we tax the Farmers who provide our food source so much that they are not able to make a livable wage. Farmers should be exempt from taxes that effect their net profit because of their viability. If we do not give incentives to those who provide our food source then we will be subject to always relying on import and export for our food source. And we know this all to well to be an equation for failure.

SB-3038-SD-1

Submitted on: 2/21/2020 7:23:08 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Angel Saizon	Individual	Support	No

Comments:

I support SB3038 because poi is part of our diet. The shortage is causing prices to rise!

SB-3038-SD-1

Submitted on: 2/21/2020 7:24:02 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
annie pedro	Individual	Support	No

Comments:

I support SB3038 fully

SB-3038-SD-1

Submitted on: 2/21/2020 7:33:53 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Matthew Villanueva	Individual	Support	No

Comments:

I have been trying to get access to kalo suitable for my family to Ku'i for years. Unfortunately, I'm rarely able to get suitable varieties of kalo for my family's staple. This bill would help me connect my family back to the foods that bring them health.

SB-3038-SD-1

Submitted on: 2/21/2020 8:30:18 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Fabian Kaulukukui-Heloca	Individual	Support	No

Comments:

I support this bill as it stands to provide relief to small scale taro farmers. Local lower income families are being priced out of consuming taro due to high cost passed on to them. Please provide tax relief to small scale taro farmers and the local families that need and enjoy this staple food in their diet.

I am not a taro farmer. I am a native Hawaiian consumer who feels that taro is part of my heritage and culture.

SB-3038-SD-1

Submitted on: 2/21/2020 8:44:19 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Makalena Shibata	Individual	Support	No

Comments:

Aloha, I would like to submit a testimony in support of SB 3038, and as there are a few places wherein the language may be ambuious, I would like to recommend minor changes (in bold) to clarify who may receive the exemption.

"§235- Exemption; taro and poi production. Except as provided in sections 235-61 to 235-67 relating to withholding and collection of tax at source, and section 235-2.4 relating to "unrelated business taxable income", persons engaged in the business of taro **or poi** production shall not be taxable under this chapter.

As it relates to persons engaged in the business of taro **or poi** production, the following shall not be taxable under this chapter:

- 1) Taro plants, taro corm, leaf, and huli for taro farms or portions of farms dedicated to taro plants, taro corm, leaf, and huli;
- (2) Taro lands planted with taro, inclusive of fallow rotation lands specifically for taro production of less than or equal acreage to lands in active taro production by each individual grower; and
- (3) All mills, machinery, appliances, tools, and buildings used exclusively in the care, cultivation, and preparations of taro and poi for market;

provided that up to the first \$100,000 of gross income per individual, farm, or poi mill shall not be taxable under this chapter; provided further that this exclusion shall not apply if at any time during the year the total amount of land for locally grown taro in the State surpasses thirty thousand acres, as determined by the department of land and natural resources."

Mahalo for your support,

Makalena Shibata

SB-3038-SD-1

Submitted on: 2/21/2020 9:51:30 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Tiffany Ibarra Duncan	Individual	Support	No

Comments:

I support SB3038.

SB-3038-SD-1

Submitted on: 2/22/2020 1:31:48 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Chana Ane	Individual	Support	No

Comments:

Mahalo for this opportunity to provide testimony and SUPPORT for SB3038 SD1 relating to taro.

The passing of this bill will promote Hawaii's economy by alleviating tax burdens on farmers that carry on the traditions of kalo cultivation. Lo'i kalo provides a host of ecosystem services to native plants and animals while at the same time supporting a large human population, contributing to a vibrant and resilient community.

This bill as it reads is a great first step to building capacity for the taro farmer but the cost of poi remains inaccessible to families most in need of this important staple starch food; a tax exemption for poi mills could help reduce the high cost of poi for such families.

Please consider specifying the sale of poi as exempt under this bill

"§235- Exemption; taro and poi production. Except as provided in sections 235-61 to 235-67 relating to withholding and collection of tax at source, and section 235-2.4 relating to "unrelated business taxable income", persons engaged in the business of taro or poi production shall not be taxable under this chapter.

.....

As it relates to persons engaged in the business of taro or poi production, the following shall not be taxable under this chapter:

SB-3038-SD-1

Submitted on: 2/24/2020 6:57:14 AM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Leimomi Khan	Individual	Support	No

Comments:

Fully support. This measure is a natural progression to implement some of the recommendations made in a Taro report required by the legislature several years ago. I appreciate this measure primarily because I am hopeful that with some tax relief, more taro will be produced, more poi will be made available, and perhaps taro, including poi, will be less expensive. As with all other local people who have been brought up with poi, we have been burdened by the increasing costs of poi, unlike the costs of other staples of potato and rice. Poi is also a healthy food.

As OHA Trustee, Carmen Hulu Lindsey notes, "kalo cultivation remains one of Native Hawaiians' most important cultural practices. Although at one time Maoli farmers tended more than 20,000 acres of kalo, only 500 are in cultivation, which represents less than one percent of Hawai'i's active agricultural lands. Caring for the kalo brings Kā• naka Maoli back into balance with the 'Ā• ina, tempers our use of resources and turns our relationship to one of reciprocity and stewardship. The cycle of preparing the lo'i, planting, growing, harvesting, preparing the food and eating is also the cycle of creation.

Investing resources in kalo production ensures that the state provides much needed relief for our farmers, encourages increased participation in farming, allows our state to move to its goal of growing food production in light of the climate crisis, and recognizes our Kā• naka Maoli practices of kalo cultivation."

Please support SB3038 SD1.

SB-3038-SD-1

Submitted on: 2/24/2020 8:13:39 AM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Cedric Duarte	Individual	Support	No

Comments:

SB-3038-SD-1

Submitted on: 2/24/2020 8:53:45 AM

Testimony for WAM on 2/25/2020 12:40:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Walter Ritte	Individual	Support	No

Comments:

I am in STRONG SUPPORT of SB3038.

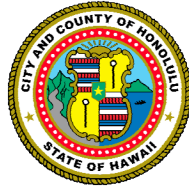
Walter Ritte

OFFICE OF CLIMATE CHANGE, SUSTAINABILITY AND RESILIENCY

CITY AND COUNTY OF HONOLULU

925 DILLINGHAM BOULEVARD, SUITE 257 • HONOLULU, HAWAII 96817
PHONE: (808) 768-2277 • EMAIL: resilientoahu@honolulu.gov • INTERNET: www.resilientoahu.org

KIRK CALDWELL
MAYOR



JOSHUA W. STANBRO
EXECUTIVE DIRECTOR &
CHIEF RESILIENCE OFFICER

TUESDAY, FEBRUARY 25, 2020, 12:40PM

STATE OF HAWAII
SENATE COMMITTEE ON WAYS AND MEANS

**TESTIMONY ON SENATE BILL 3038, SD1
A BILL RELATING TO TARO**

BY,

JOSHUA STANBRO
EXECUTIVE DIRECTOR AND CHIEF RESILIENCE OFFICER
OFFICE OF CLIMATE CHANGE, SUSTAINABILITY AND RESILIENCY

Dear Chair Dela Cruz and Members of the Committee:

The City and County of Honolulu Office of Climate Change, Sustainability and Resiliency (“Resilience Office”) **supports the intent** of Senate Bill 3038, SD1, which seeks to protect taro production in the state by exempting taro from the state income tax. In general, taro offers important resilience and sustainability advantages to our island community. The Resilience Office believes there are multiple ways to protect taro production.

The Resilience Office offers comments on including language regarding the biosecurity protection of taro to SB3038 to prevent the ever-increasing risk of new diseases, pests, and invasive taro cultivars from importing certain raw taro products that could pose a threat to the fragile, yet critically important commercial taro industry and subsistence taro production in Hawaii.

The Committee on Agriculture and Environment Standing Committee Report No. 2625 found “that it is of critical importance to protect and perpetuate the traditional practice of taro farming as part of Hawaii’s cultural identity and its role in local food security. Lo’i kalo, or wetland taro systems, are recognized for their potential to mitigate impacts of climate change by functioning as riparian buffers and soil capture basins. Also, underground foods, such as taro, can often survive hurricane or flood events and be harvested to address immediate food shortages where the capacity to store and cook food can be retained.”

In 1981, the Hawai'i State Department of Agriculture established the first biosecurity protocol prohibiting the international import of kalo in respect to the disease alomae and babone from the Soloman Islands (Hawai'i Revised Statutes 4-70-51, 52, 53, 54 and 141-2, 150A). Since then, these departmental rules have not been updated in response to the change in the geographic distribution of these pathogens or research on additional biosecurity threats to the kalo industry. The State of Hawai'i has the fewest biosecurity protocols for our most culturally important crop. In contrast, there are stringent regulations in places across the pacific to protect the biosecurity and economy of nations such as Fiji, Cook Island, New Zealand, and Australia from known pests and pathogens associated with kalo cultivation and transportation.

The Resilience Office strongly supports protecting Hawai'i's most culturally important food crop by banning the importation of taro corms unless dried, cooked, frozen, or peeled and banning the importation of live taro plant material from any point of origin in the United States. The addition of biosecurity protections in the bill would:

- Promote indigenous solutions to climate change by recognizing the mitigation potential lo'i kalo provides.
- Increase climate resilience around the Islands by preserving and expanding the ecosystem services that result from locally grown taro.
- Provide biosecurity for local growers by reducing exposure to a wide variety of invasive pests and diseases.
- Preserve and expand critical riparian wildlife habitat that overlaps significantly with areas where taro is cultivated.
- Improve food security for Hawai'i's remote population by preserving and expanding production of locally grown taro.
- Support further taro biosecurity regulation at the federal level by demonstrating that the State is taking action where we have the authority.
- Benefit the local economy by reducing our reliance on imports and keeping money circulating in the local economy.

Proposed language to address the above concerns as follows:

~150A- Taro; importation restrictions. (a) Raw taro corms and any portion of a live taro plant with corm, buds, or root present shall be designated as propagatable material.

(b) The importation of live taro corms or plant material for any purpose, including research, breeding, and ornamental use and sale, from any point of origin in the United States into Hawaii is prohibited.

(c) The importation of taro corms from any point of origin in the United States shall be allowed when dried, cooked, frozen for a minimum of eight days, or peeled.

(d) Live plant material from Hawaiian taro varieties shall be allowed from any point of origin in the United States if:

(1) There is a verifiable historical record of distribution from Hawaii to that point of origin;

(2) The plant material resides in a place of origin where high-risk taro pests and diseases do not occur;

(3) The plant material is disease indexed and tissue cultured to create certified clean material prior to re-entry; and

(4) The plant material is described in CTAHR "Bulletin 84: Taro Varieties in Hawaii" (1939)

Thank you for the opportunity to testify and provide comments on Senate Bill 3038, SD1.

SB-3038-SD-1

Submitted on: 2/25/2020 12:54:18 PM

Testimony for WAM on 2/25/2020 12:40:00 PM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Rayne	Individual	Support	No

Comments: