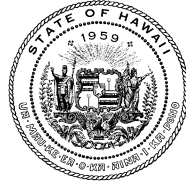


**DAVID Y. IGE**  
GOVERNOR  
**JOSH GREEN M.D.**  
LT. GOVERNOR



**RONA M. SUZUKI**  
DIRECTOR OF TAXATION  
**DAMIEN A. ELEFANTE**  
DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
Phone: (808) 587-1540 / Fax: (808) 587-1560  
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To: The Honorable Mike Gabbard, Chair;  
The Honorable Russell E. Ruderman, Vice Chair;  
and Members of the Senate Committee on Agriculture and Environment

From: Rona M. Suzuki, Director  
Department of Taxation

Re: **S.B. 3038, Relating to Taro**  
Date: Monday, February 10, 2020  
Time: 2:20 P.M.  
Place: Conference Room 224, State Capitol

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

S.B. 3038 amends section 235-9, Hawaii Revised Statutes (HRS), to exempt “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 first notes that the income tax exclusion contained in this measure should be put into a new section rather than section 235-9, HRS, as currently written. Section 235-9, HRS, exempts taxpayers from Hawaii income tax altogether. S.B. 3038, in effect, excludes income rather than exempting the qualifying taxpayers.

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 excluded.

The Department further notes that the provision contained in lines 8-12 on page 5 is ambiguous. If the intent of this provision is to disallow the income exclusion once area of land used to grow taro in the State exceeds 30,000 acres, the Department suggests amending the provision to read:

provided further that this exclusion shall not apply if at any time during the year, [persons engaged in the business of taro production shall be taxable under this chapter when] 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.

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.

Finally, the Department can administer the measure with its current effective date.

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 AGRICULTURE AND ENVIRONMENT**

**MONDAY, FEBRUARY 10, 2020  
2:20 P.M.  
CONFERENCE ROOM 224**

**SENATE BILL NO. 3038  
RELATING TO TARO**

Chairperson Gabbard and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 3038. This measure seeks to provide stronger economic incentives for new taro farmers, improve the livelihoods of existing taro farmers, and reduce the cost of poi for local families by exempting taro production and processing up to \$100,000 of gross income to qualified entities from state income taxes.

The Department supports the intent of this measure, defers to the Department of Taxation with respect to the proposed amendments to Section 235-9, 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 exemption to all agricultural producers and the agricultural products they produce across the state.

Thank you for the opportunity to testify on this measure.





**SB3038**  
**RELATING TO TARO**

Ke Kōmike 'Aha Kenekoa o ka 'Oihana Mahi'ai a me ke Ao Kūlohelohe

Pepeluali 10, 2020

2:20 p.m.

Lumi 224

The Office of Hawaiian Affairs (OHA) **SUPPORTS** SB3038, which would create economic incentives for kalo farmers and could reduce the cost of poi for local families by exempting kalo production from state income taxes. In so doing, this measure could help make kalo more widely accessible and enable Hawaiian families to reconnect with this culturally important food.

In 2008, the Hawai'i State Legislature passed Act 211 which established the Taro Security and Purity Task Force. Act 211 directed kalo farmers, state agencies and the University of Hawai'i to collaborate to seek solutions to the many challenges facing kalo, kalo farmers, and kalo markets. Funding and administrative support from the Office of Hawaiian Affairs enabled the Task Force to meet consistently and gather input from kalo growing communities on all islands over a 12-month period. The 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 these were recommendations to implement tax relief measures to ease the cost burden on existing and future kalo farmers.

This measure would execute a long-awaited kalo tax relief proposal that would improve the economic landscape for kalo farmers' as well their ability to overcome financial barriers and setbacks. By exempting kalo famers', kalo farms', and poi mills' income up to \$100,000 from state income taxes, this bill would enable farms to build assets, reinvest in their farms and businesses, and offer more attractive opportunities for the next generation engage to in kalo farming.

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



Pono Hawai'i Initiative

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

Monday, February 10, 2020

Relating to Taro  
Testifying in Support

Aloha Chair and members of the committee,

The Pono Hawai'i Initiative (PHI) **supports SB3038 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

**SB-3038**

Submitted on: 2/9/2020 10:01:49 AM

Testimony for AEN on 2/10/2020 2:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jeri Di Pietro	Testifying for Hawai'i SEED	Support	No

Comments:

**SB-3038**

Submitted on: 2/9/2020 11:51:08 AM

Testimony for AEN on 2/10/2020 2:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Hoapili Ane	Testifying for Ho'oulu 'Aina Farms	Support	No

Comments:

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.

**SB-3038**

Submitted on: 2/9/2020 12:11:42 PM

Testimony for AEN on 2/10/2020 2:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kawika Burgess	Testifying for Kalona Brand Company LLC	Support	No

Comments:





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

February 10, 2020

HEARING BEFORE THE  
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

**TESTIMONY ON SB 3038**  
RELATING TO TARO

Room 224  
2:20 PM

Aloha Chair Gabbard, Vice Chair Ruderman, 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**, 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**

Submitted on: 1/30/2020 2:31:58 PM

Testimony for AEN on 2/10/2020 2:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
autumn ness	Individual	Support	Yes

Comments:

**SB-3038**

Submitted on: 1/30/2020 3:35:42 PM

Testimony for AEN on 2/10/2020 2:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Megan Blazak	Individual	Support	No

Comments:

**SB-3038**

Submitted on: 1/30/2020 9:22:06 PM

Testimony for AEN on 2/10/2020 2:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Benton Kealii Pang, Ph.D.	Individual	Support	No

Comments:

**SB-3038**

Submitted on: 1/31/2020 9:20:45 AM

Testimony for AEN on 2/10/2020 2:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Daniel Bishop	Individual	Support	No

Comments:

stromgly support

**SB-3038**

Submitted on: 2/1/2020 5:06:32 PM

Testimony for AEN on 2/10/2020 2:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Shannon Rudolph	Individual	Support	No

Comments:

Support

**SB-3038**

Submitted on: 2/5/2020 8:21:14 PM

Testimony for AEN on 2/10/2020 2:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Cecilia Rose Reilly	Individual	Support	No

Comments:

Aloha!

In the interest of all levels of health within the community, i strongly agree that Taro Farmers should be tax exempt! They need all the help they can get and they contribute so much already! They have so much stress spending their precious time fighting for water quantity and quality. They have hard work and it's highly specialized! Taro has been found to build denser bones and muscles, contains essential minerals, has long term sustainable practices and desperately needs regeneration! Please vote for farmers and community by voting yes on SB3038.

Mahalo,

Cecilia Rose Reilly

**SB-3038**

Submitted on: 2/2/2020 5:48:16 PM

Testimony for AEN on 2/10/2020 2:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jennifer Azuma Chrupalyk	Individual	Support	No

Comments:

End taxation on kalo, which has been here long before the state, long before the territory and is an essential staple crop even today. It is used for both food as well as landscape, is a contributor to the solutions to reverse climate change effects in our environment. I strongly support this bill.



Aloha;

I am testifying as taro farmer, consumer of poi, former member of the Taro Security and Purity Task Force, and long-time member of 'Onipa'a Nā Hui Kalo, a recognized statewide organization of taro growers, in strong support for SB3038 Relating to Taro.

Notwithstanding the Governor's call to double local food production by 2030, the fact that taro is our most culturally significant crop and our healthiest staple starch, there are strong economic, cultural, and environmental justifications for this request for tax exemption for taro farmers and poi millers.

Taro farmers often consider themselves waiwai (wealthy) in many aspects of their lives. That mindset keeps us going and allows us to support our families, our communities and students year in and year out. Taro connects us to each other. Yet, over the last few decades, our ability to make a sustainable and dignified livelihood has become more and more challenging with the increasing cost of land and leases, farm machinery and inputs and new hurdles for bringing products to market. Taro farmers, and small farmers in general, in Hawai'i make on average less than \$40,000/year (many much less) and report income losses of almost \$10,000 annually. According to HUD this is rated as "very low income" (40% or less of median income) at a time when HUD has set low income (80% below median income) for Hawai'i at more than \$88,000/yr.

Taro is recognized as the State Plant (Act 71) for its deepest connections to Hawaiian culture and a source of their mo'okū'auhau (genealogies). Taro lands are celebrated as wahi pana (legendary places) in mo'olelo (traditions and stories) and oli (chant), and often farmed generation to generation building memory upon memory. They are the lands that protect our riparian areas, our coastal wetlands, and feed our fishponds. They contribute to our food security and are teaching our children how to reconnect to healthy 'ai (food), to 'āina and aloha 'āina. Taro farms are typically rural and located on some of the most beautiful lands in our state. As such they have become desirable to the real estate market. *This is a deeply concerning issue*, not just for the above reasons, but also because taro lands, provided they have water, are known to be some of our most productive agricultural (food) lands; and taro systems, including traditional 'auwai (ditches), have lacked adequate protections from development for decades.

Every year, we see more million dollar homes sprouting up in and encroaching on taro growing communities. The result has been significant increases in land valuations and tax assessments for taro lands from the counties, as well as excessive lease rates from DLNR. There is no law protecting these culturally important agricultural lands from being assessed based on adjacent property values. If a taro farmer can't afford to live on their own lands there are few places left for them to farm affordably.

SB3038 will provide relief to taro growers from the heavy burden of increasing land tax rates. Perhaps 700 acres are currently in wet and dryland taro cultivation statewide. The cap of 30,000 acres in this bill represents just 0.428 percent of all lands in the state and is based on an estimate of lands that were in taro production at the turn of the 20th century when Hawai'i was both food self-sufficient and food secure, which coincides with an estimate of acres of taro lands needed to contribute a daily serving of taro as part of a healthy diet to consumers in Hawai'i (2009). We need more taro growers to feed our communities. This bill will help keep taro lands in production, encourage new growers, and protect our taro farming lifestyle. The relief from land

and income taxes can be enough to fix a tractor, a truck to transport taro to market, pay for fuel, medical bills or health insurance. Everything counts when you are in a very low income bracket.

SB3038 also corrects and simplifies existing county tax exemptions for kuleana taro lands by recognizing the common sense of including fallow land rotations as a critical strategy for improving soil health and taro yields, while preventing abuse by limiting the amount of fallow land covered by the exemption to equal or less than acreage in taro production. The bill also recognizes that, towards the goal of food security, all taro farmers are a part of the solution, not just those on kuleana lands.

The price of poi for consumers is tied both to the costs of farming and milling. Milled poi currently averages \$7-10 per pound retail, making this healthy food inaccessible to those who need it most. While some families have turned to buying taro directly from farmers and pounding their own poi, many still do not have that option. Providing tax relief to both taro farmers and poi millers may help lower the price of poi for some consumers.

In regards to the impact of this bill on state revenues, General Fund tax revenues are projected to reach \$7,434,603,000 in 2020 (Council on Revenues forecast to the Governor 1/10/2020). The most recent data suggests commercial yields for taro still hover around four million pounds per year. With an average farmgate price of \$0.70 - \$1/lb, sales tax (4.167%) on raw production is estimated at less than \$150,000/yr. Statewide poi production data is not available; however, sales tax may be estimated at \$580,000/yr based on a production rate of two million pounds annually. This suggests minimal impact to state revenues if SB3038 were to be implemented. The threshold of the first \$100,000 gross income per taro farmer or poi miller prevents abuse of the exemption. Comparatively, the tax break for the film industry was raised to \$50 million in 2019 and Hawai'i Enterprise Zone businesses may qualify for up to a 100 percent GET exemption. If there is any industry and livelihood that deserves tax relief more than any other in Hawai'i, it is taro.

Returning to the intentions of the 1901 Hawaiian legislature, and the importance of encouraging greater taro production to feed the people of these islands, SB3038 is both reasonable and doable. Collectively, we can improve food security for Hawai'i and this bill is a good step towards that goal. I encourage the committee to support SB3038 in full.

Mahalo,  
Penny Levin  
Taro farmer, Wailuku, Maui

**SB-3038**

Submitted on: 2/8/2020 10:56:04 AM

Testimony for AEN on 2/10/2020 2:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Rynette Keen	Individual	Support	No

Comments:

As a Native Hawaiian that loves the products produced by the cultivation of Kalo (taro) and that it is a part of my cultural heritage am in complete support of SB3038. Our cultural way of life has been stymied for years by the American tax system that the FAKE STATE of HAWAII has placed on our Kalo growers, and it is time to stop this injustice. I urge all of you to support this measure before. Mahalo Nui

**SB-3038**

Submitted on: 2/9/2020 6:33:35 AM

Testimony for AEN on 2/10/2020 2:20:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Phyllis Robinson	Individual	Support	No

Comments:

**Any bill that provides support for our kalo farmers in the state is an important bill for all of us who call this our home. We bow down to those who cultivate taro and bring it to the people. We bow down to any of our lawmakers who realize that we must make taro and poi affordable for those who would otherwise not be able to afford it.**

**SB-3038**

Submitted on: 2/9/2020 11:10:33 AM

Testimony for AEN on 2/10/2020 2:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jessi	Individual	Support	No

Comments:

I am a farmer and I think you should support tax exemption for Taro Farmers.

**SB-3038**

Submitted on: 2/9/2020 7:31:20 AM

Testimony for AEN on 2/10/2020 2:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Manon Pretre	Individual	Support	No

Comments:

Taro is the most culturally significant food crop in Hawaii, a valued landscape, is recognized as the State Plant, and deserves a high level of protection to ensure taro farms and the taro farming lifestyle continues.

Tax relief would create resources to invest back into the farm, incentives for young taro farmers and make Poi more affordable for local families and all.

Taro farms provide ecological and environmental buffers against flooding and are an indigenous designed solution to climate change.

The more taro farmers, the better our food security, our community wellbeing and climate resilience!

and since these are Hawaiian lands, this is one way to support the native culture and their staple food & culture. mahalo

**SB-3038**

Submitted on: 2/9/2020 11:49:09 AM

Testimony for AEN on 2/10/2020 2:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Chana Ane	Individual	Support	No

## Comments:

- Tax relief would create resources to invest back into the farm, incentives for young taro farmers.
- This bill restores the intentions of a similar bill proposed in the first Hawaiian legislature in 1901 to support and encourage taro farmers who were feeding the nation.
- The governor has promised to double food production by 2030; taro plays an important part in providing island-produced, high quality staple starch foods for the state. The availability and affordability of cultural foods such as taro and poi, rather than substitute foods, are a known positive factor in Native Hawaiian health.
- We are at highest risk for shortages of staple starches in Hawaii; in 2010 it was estimated we would need 30,000 acres of taro in production to meet the growing food needs and demands of the state towards a goal of food self-sufficiency.
- We have less than one week's supply of food in the islands in a natural disaster. Root crops can survive better and recover faster than tree crops in such disasters. Oahu depends on neighbor islands to meet the majority of its taro and poi needs.
- 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.

**From:** [KipuKai KUALITI](#)  
**To:** [AEN Testimony](#)  
**Subject:** Pass SB3038!  
**Date:** Friday, February 7, 2020 5:25:14 PM

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I strongly support SB 3038, that will create economic incentives for taro producers by exempting taro production from state income taxes up to the first \$100,000 in annual revenue. This measure is based on recommendations from the Taro Task force, established by the State Legislature over a decade ago. Taro is the most culturally significant food crop in Hawai'i and is recognized as the State Plant, and deserves a high level of protection to ensure it continues. Taro farm land taxes are being assessed based on adjacent million dollar homes encroaching on traditional taro growing communities resulting in higher rates of taxation for agricultural and culturally important lands. Most taro farmers earn far less than the low income or poverty line rates established by the state and have to manage increases in costs to farming such as equipment and fuel charges. Thus, this measure will allow some breathing room and incentive for expansion of taro farming. Thank you for the opportunity to testify on this measure. Sincerely,



## **Multiple Testifier List for SB 3038**

KipuKai Kauli'i

Carol Lee Kamekona

Kaleino'eau Souza

Kilia Purdy-Avelino

Janya Weatherwax

Maelani Lee

Rebecca N Kamakawiwoole

Mary U. Toledo

Alissa Tamayo

Cheri Richards

Jenifer Jenkins

Cyd L. Hoffeld

Kupuna Kaonohiokalani Jeremiah

Diane 'Maka'ala" Kanealii

Testimony of Carmen Hulu Lindsey

Before the Senate Committee on Agriculture and the Environment

Monday, February 9, 2020

2:20 P.M.

State Capitol, Conference Room 224

In consideration of  
**SENATE BILL 3038**  
**RELATING TO TARO**

Aloha e Chair Gabbard and Vice Chair Ruderman:

My name is Carmen Hulu Lindsey and I am writing in **SUPPORT** of SB3038. Today, production of kalo is only a shadow of its former prosperity and the number of kalo farmers remain at dangerously low levels. Ensuring that kalo will continue to be found on market shelves and family tables in the future has become increasingly difficult with lack of water, access to taro-growing lands, and crop diversity; the increasing cost of farming; invasive species and kalo diseases; declines in soil fertility; a shortage of kalo farmers; and increasing competition from taro imports. SB3038 promises the creation of stronger economic incentives for new kalo farmers, improve the livelihoods of existing kalo farmers, and reduce the cost of poi for local families by exempting kalo production from state income taxes.

**A. HAWAI‘I STRUGGLES WITH ITS AMBITIOUS GOAL OF INCREASING FOOD PRODUCTION IN LIGHT OF ISSUES OF FOOD SECURITY AND AN INCREASING CLIMATE CRISIS**

Hawai‘i imports 85% of its food and is considered highly vulnerable in issues of food security. Climate change significantly increases this vulnerability with sea level rise and intensified weather patterns, including droughts, hurricanes, floods, and saltwater inundation into coastal plains. These documented impacts of climate change compound the already significant challenges to Native Hawaiians who seek to continue or even expand kalo cultivation as a cultural practice and an exercise of self-determination and resistance. Despite these imminent challenges, Governor Ige pledged to double food production in Hawai‘i by 2030 as part of Hawai‘i’s commitment to the world and state.

**B. KALO IS THE FOUNDATION OF THE KĀNAKA MAOLI PEOPLE AND ITS CULTIVATION IS ENSURED BY STRONG CONSTITUTIONAL AND STATUTORY PROVISIONS**

Kalo farms produce a significant portion of our locally grown and consumed food on each island. Kalo is the most culturally significant food crop in Hawai‘i as an ancestor of Kānaka Maoli. Hāloanakalaukapalili was born in the twelfth era of the Kumulipo, a stillborn child of the gods Wākea and Ho‘ohōkūkalani. When planted in the ground, he became the most important food plant of Kānaka Māoli. He is followed in birth by Hāloa, the first man. It is at this point in the Kumulipo, where the lineage of man begins. Hāloanakalaukapalili, the kalo, and Hāloa, the man, are inseparable in their relationship and responsibility to each other. Hāloa the first plant which nourished those who decided to remain in this Hawai‘i just as an elder brother would do. From this stems the deep connection between Kānaka Maoli and the kalo - the indebtedness to the plant for the life of man.

Kalo farmers represent a model of natural resource conservation and resource self-sufficiency articulated in the Hawai‘i’s State Constitution, Article XI, Section 1 which mandates that:  
for the benefit of present and future generations, the State and its political subdivisions shall conserve and protect Hawai‘i’s natural beauty and all natural resources, including land, water [...] and shall promote the development and utilization of these resources in a manner consistent with their conservation and in furtherance of the self-sufficiency of the State.

While Article XI, Section 3 and HRS § 205-41 promote the protection of agricultural lands, the Hawai‘i Supreme Court clarified in *In re Waiahole I* that such public purposes do not receive the same level of protection as the rights of taro farmers, traditional and customary rights and appurtenant rights, nor other public trust purposes such as environmental protection and leaving water in its natural state. Furthermore, Article XII, Section 7 “reaffirms and shall protect the rights, customarily and traditionally exercised for subsistence, cultural and religious purposes and possessed by ahupua‘a tenants who are descendants of native Hawaiians who inhabited the Hawaiian Islands prior to 1778, subject to the right of the State to regulate such rights.”

### **C. TAX EXEMPTIONS FOR KALO CAN ENSURE THE ECONOMIC VIABILITY OF THE PRACTICE**

Kalo remains severely underproduced in Hawai‘i. As a food crop, kalo is a multi-million dollar industry in Hawai‘i; 4.4 million pounds of raw kalo was valued at \$2.7 million in 2008 and the retail value of poi ranges between \$16.13 and \$25.77 million, which provides an estimated \$0.67 to \$1.07 million in tax revenues to the state. These values do not include the market value of kūlolo, lū‘au leaf, and other kalo food products. Its contributions to health, education, family and community economics, the arts, and the visitor industry still remain unquantified.

SB3038 provides the perfect symbol for the future of food security and should lead the effort toward state self-sufficiency. In 2010, it was estimated that Hawai‘i would need 30,000 acres of kalo in production to meet the growing food needs and demands of the state toward a goal of food self-sufficiency. Kalo plays an important role in providing island-produced, high quality staple starch foods for the state. The availability and affordability of cultural foods, such as kalo and poi, rather than substitute foods are known as positive factors in Native Hawaiian health. To accomplish the state’s goal for local food production, there is an urgent need to allocate resources to our farmers to truly support the economic revitalization of the kalo industry.

#### **1. FARMERS WOULD BE PROVIDED WITH INCENTIVES THAT WOULD PROVIDE RELIEF AND CREATE RESOURCES TO INVEST BACK IN FARMS**

Despite the protections afforded to kalo, farmers need to be able to make a living to increase their commercial supply. Although the small farm sector of agriculture is growing, the average small-scale farmer makes less than \$40,000 per year. These totals are far less than the low-income or poverty line rates established by the state. The incentives created by kalo farms would offset the typical low income experienced by taro growers or competition from imports (which is expected to exceed local production in 2019). Tax relief that would provide incentives for farmers to make investments back into their farms, thereby increasing productivity.

Farmers also face losses of almost \$10,000 due to the high costs of farming, including land, water, and other infrastructure. Farm-related costs continue to rise, along with the costs of getting kalo to the market, especially for fellow neighbor island residents. The cost of poi remains inaccessible to families most in need for kalo, and a tax exemption for poi farms could help these businesses from passing on these high costs to its consumers, fellow Kānaka Maoli ‘ohana.

## **2. EXISTING TAX EXEMPTION MEASURES HAVE FALLEN SHORT IN PROVIDING INCENTIVES FOR KALO FARMERS**

The existing tax exemption measures intended to incentivize kalo farmers have fallen short in providing economic relief and viability for th industry. Kalo farmers struggle with maintaining their farm lands because their astronomical land taxes are assessed based on adjacent high-property value homes encroaching on traditional kalo growing communities. This assessment results in higher rates of taxation for agricultural and culturally important lands. While farm-related costs continue to rise, the number of kalo farms and total acreage statewide, as well as the sale of kalo, generates only a small amount of tax revenue for the state; this tax exemption would have negligible impacts on state revenues.

While Maui and Kaua‘i should be applauded for enacting ordinances that exempt kuleana lands in active kalo production from county taxes, these ordinances fail to address three critical issues: (1) not all islands are covered by the kuleana kalo exemption, (2) not all kalo farms are situated on kuleana lands, and (3) the ordinance does not include fallow lands as qualifying for exemption. It is especially important for small farmers to fallow their lands in a rotational manner to support healthy soil regenerations. To remove the chance for abuse, SB3038 prevents the exemptions from being applied to fallow lands in excess of lands in kalo production for each farm.

### **D. SUMMARY**

Today, 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 Kānaka Maoli back into balance with the ‘āina, 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 Kānaka Maoli practices of kalo cultivation. Please **SUPPORT** SB3038.

Mahalo for your time and consideration,



Carmen Hulu Lindsey

**LATE**

**SB-3038**

Submitted on: 2/10/2020 2:14:29 PM  
Testimony for AEN on 2/10/2020 2:20:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Fern Anuene Holland	Individual	Support	No

Comments:

**From:** [Paul Bucher](#)  
**To:** [AEN Testimony](#)  
**Subject:** Pass SB3038!  
**Date:** Monday, February 10, 2020 12:56:44 PM

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I strongly support SB 3038, that will create economic incentives for taro producers by exempting taro production from state income taxes up to the first \$100,000 in annual revenue. This measure is based on recommendations from the Taro Task force, established by the State Legislature over a decade ago. Taro is the most culturally significant food crop in Hawai'i and is recognized as the State Plant, and deserves a high level of protection to ensure it continues. Taro farm land taxes are being assessed based on adjacent million dollar homes encroaching on traditional taro growing communities resulting in higher rates of taxation for agricultural and culturally important lands. Most taro farmers earn far less than the low income or poverty line rates established by the state and have to manage increases in costs to farming such as equipment and fuel charges. Thus, this measure will allow some breathing room and incentive for expansion of taro farming. Thank you for the opportunity to testify on this measure. Sincerely,