

STAND. COM. REP. NO. **2615**

Honolulu, Hawaii

FEB 18 2022

RE: S.B. No. 2353

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred S.B. No. 2353 entitled:

"A BILL FOR AN ACT RELATING TO FARMS,"

begs leave to report as follows:

The purpose and intent of this measure is to create an exclusion from the income tax for the lesser of a percentage of gross annual income or an amount of gross annual income earned by a farmer from farming activities.

Your Committee received testimony in support of this measure from the Department of Agriculture, Hawaii Food Industry Association, Ulupono Initiative, and Hawai'i Farm Bureau. Your Committee received comments on this measure from Department of Budget and Finance, Department of Taxation, and Tax Foundation of Hawaii.

Your Committee finds that the State has a significant trade imbalance in its agricultural industry, meaning that it relies on imported agricultural products. Increasing the amount of agriculture in the State, especially small farms engaged in diversified agriculture, would help Hawaii reduce its reliance on agricultural imports. This measure provides a tax exclusion for farmers to incentivize the growth of diversified agriculture in the State. However, your Committee also notes that the tax exclusion provided in this measure applies to all eligible agricultural production and is not limited to food production.



Given the State's goal of increased food self-sufficiency, priority for tax exclusion should be given to agricultural food production.

As affirmed by the record of votes of the members of your Committee on Agriculture and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2353 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Agriculture and
Environment,



MIKE GABBARD, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Agriculture and Environment
AEN

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2353	AEN, WAM	02/16/22		
<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 checked="" type="checkbox"/> Pass, unamended 2312	<input type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	//			
NISHIHARA, Clarence K. (VC)	//			
ACASIO, Laura		//		
RHOADS, Karl		//		
FEVELLA, Kurt		//		
TOTAL	2	3	—	—
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Clarence K. Nishihara</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes