

STAND. COM. REP. NO.

1787

Honolulu, Hawaii

APR 06 2023

RE: H.B. No. 612
H.D. 2
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 612, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to incentivize growth in the State's agricultural sector.

Specifically, this measure establishes an income tax credit to alleviate the high costs of production for Hawaii's farmers, ranchers, and fishers.

Your Committee received written comments in support of this measure from the Maui County Council; Ai Pohaku - The Stone Eaters; Good Food Movement; Green Islands Acres, LLC; Hawaii Alliance for Progressive Action; Hawaii Cattlemen's Council; Hawaii Farm Bureau; Hawaii Farmers Union United; Hawaii Farmers Union United, Haleakala Chapter; Kanalani Ohana Farm; Local Food Coalition; Maui Chamber of Commerce; Naike, LLC; Ulupono Initiative; Wakefield and Sons, Inc.; and twenty-five individuals.

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



Your Committee finds that Hawaii farmers, ranchers, and fishers need support to alleviate the high costs associated with agricultural production in the State. Your Committee also finds that ensuring the viability of local food producers is critical to achieving the State's sustainability goals.

Your Committee has amended this measure by:

- (1) Clarifying that the tax credit is nonrefundable;
- (2) Deleting language inapplicable to nonrefundable income tax credits;
- (3) Replacing the terms "eligible farmer" and "farmer or farm business" with "qualified taxpayer;"
- (4) Clarifying the administration of the tax credit with regard to pass-through entities;
- (5) Clarifying that the amount of the tax credit is based on the taxpayer's net farm income; and
- (6) Making technical nonsubstantive amendments for purposes of clarity, consistency, 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 H.B. No. 612, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 612, H.D. 2, S.D. 2.

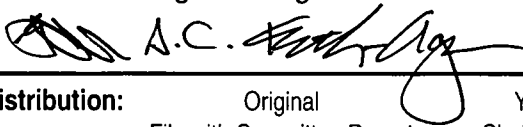
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirty-Second Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 612 HD2 SD1	AEN, WAM	3/31/23		
<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			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	13			
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