

STAND. COM. REP. NO.

520

Honolulu, Hawaii

FEB 16 , 2023

RE: H.B. No. 947
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Agriculture & Food Systems, to which was referred H.B. No. 947 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose of this measure is to establish a food manufacturer tax credit, applicable to taxable years beginning after December 31, 2023, for manufacturers that produce value-added products using local crops.

Your Committee received testimony in support of this measure from the Hawai'i Farm Bureau, Hawaii Food Manufacturers Association, Hawaii Food Industry Association, Ulupono Initiative, and two individuals. Your Committee received comments on this measure from the Department of Agriculture, Department of Taxation, Department of the Attorney General, Tax Foundation of Hawaii, and Hawai'i Technology Development Corporation.

Your Committee finds that the State currently imports eight-five to ninety percent of its food, fuel, and fiber. The State has set a goal to double food production in the State by 2030. Your Committee further finds that establishing a tax credit that incentivizes private food manufacturers in the State to use Hawaii-grown food ingredients in their products will support the



development of agricultural self-sufficiency and food security in Hawaii.

Your Committee has amended this measure by:

- (1) Deleting the phrase "using local crops" from the definition of "qualified taxpayer";
- (2) Changing the effective date to June 30, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Agriculture & Food Systems that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 947, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 947, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Agriculture & Food
Systems,



CEDRIC ASUEGA GATES, Chair



