

STAND. COM. REP. NO. 170

Honolulu, Hawaii

FEB 10 2023

RE: S.B. No. 1499

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

Sir:

Your Committee on Agriculture and Environment, to which was referred S.B. No. 1499 entitled:

"A BILL FOR AN ACT RELATING TO TARO,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Exempt income derived from the business of taro cultivation or production of taro products from the state income tax; and
- (2) Exempt from the general excise tax the gross proceeds or income received from the sale of any product resulting from the cultivation and production of unprocessed taro.

Your Committee received testimony in support of this measure from the Department of Agriculture, Hawai'i Alliance for Progressive Action, Kua'āina Ulu 'Auamo, Ko'olau Foundation, CleanEarth4Kids.org, Hawai'i Farm Bureau, and thirty-two individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that taro farmers in the State face a myriad of challenges from the expensive and labor intensive processing of taro to poi, to the high cost of land and increasingly unpredictable weather conditions due to climate change. Your Committee acknowledges that the occurrence of taro



farming has been on the decline for decades due to these mounting challenges and taro farmers only continue to struggle to survive and sustain their operations in the State. Your Committee further finds that the State has more recently pivoted its focus to the issue of food security and agricultural self-reliance in Hawaii and now finds tremendous potential in the taro plant beyond its cultural and traditional value. Thus, this measure supports the taro farmer in Hawaii by creating economic incentives to protect the Hawaiian traditions of taro and taro farming, to encourage new taro farming, improve the livelihoods of existing taro farmers, and reduce the cost of poi and other taro-based foods for local families by exempting income and gross proceeds related to taro production and direct sales from the income and general excise taxes, respectively.

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. 1499 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



