

STAND. COM. REP. NO. **2620**

Honolulu, Hawaii

FEB 16 2024

RE: S.B. No. 3302
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred S.B. No. 3302 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a refundable income tax credit that alleviates the high costs of production for certain farmers, ranchers, and fishers of the State.

Your Committee received testimony in support of this measure from the Department of Agriculture, Hawai'i Alliance for Progressive Action, Hawai'i Farm Bureau, Hawai'i Farmers Union United, Malama Kauai, Women Organizing for Change in Agriculture and Natural Resource Management, Beyond Organic Consulting Inc., Kanalani Ohana Farm, and forty-six individuals.

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

Your Committee finds that the State has a goal to double local food production for local consumption by 2030. Your Committee recognizes that the agriculture industry is struggling with high input and land costs, increasing inflation, supply chain disruptions, climate change, natural disasters, and loss of markets due to reduced tourism. Your Committee further finds that



providing tax relief to farmers, ranchers, and fishers to reduce the high production cost of local food products will help the State in achieving its food security and sustainability goals.

Your Committee has amended this measure by:

- (1) Making the income tax credit nonrefundable for all eligible farmers, ranchers, and fishers;
- (2) Inserting a definition of "qualified expenses"; and
- (3) Making the income tax credit applicable to taxable years beginning after December 31, 2024.

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. 3302, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3302, S.D. 1, 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-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Agriculture and Environment
AEN

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 3302	AEN, WAM	02-12-24		
<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
GABBARD, Mike (C)	X			
RICHARDS, III, Herbert M. "Tim" (VC)	X			
DECOITE, Lynn	X			
RHOADS, Karl	X			
AWA, Brenton	X			
TOTAL	5	0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes