

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 607, Relating to Taxation

BEFORE THE:

House Committee on Economic Development

DATE: Wednesday, February 8, 2023

TIME: 10:15 a.m.

LOCATION: State Capitol, Room 423

Chair Holt, Vice-Chair Lamosao, and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding H.B. 607 for your consideration.

H.B. 607 adds a new section to chapter 235, Hawaii Revised Statutes (HRS), to create a new nonrefundable income tax credit for taxpayers who are farmers or are producers of agricultural commodities, cooperatives, broad line distributors, or food hubs who ship products and agricultural goods between counties. The taxpayer can claim 20 per cent, up to a maximum amount of \$20,000 per producer, for transportation costs for the shipping of produce and agricultural products between counties.

The credit is distributed annually with an aggregate cap of \$5,000,000, allowing up to 50% of the aggregate may be claimed by farmers and ranchers, up to 30% can be claimed by food hubs, and up to 20% can be claimed by broad line distributors.

This measure is effective upon approval and shall apply to taxable years beginning after December 31, 2022.

First, the Department notes that the credit is distributed annually and certain amounts are allocated to different types of taxpayers. The Department does not have the ability to administer the credit based on the various percentages. The Department further

notes that it does not have the ability to administer the aggregate annual cap without another agency certifying the credit. The Department respectfully requests that an agency with the requisite expertise be made responsible for certifying this credit and administering the \$5,000,000 aggregate cap.

Second, in order to properly implement and administer this measure, the Department suggests adding a definition for “broad line distributors.”

Third, the Department recommends amending subsection (d) in Section 2, page 3, lines 13 through 18 of the bill, to delete the terms “developer of a commercial building” and “renovation costs,” which appear to have been inadvertently included in the measure.

Fourth, the Department recommends deleting subsection (g) in Section 2, page 4, lines 18 through 20 of the bill, relating to refund vouchers, as this credit is a nonrefundable credit.

Finally, the Department notes that due to the number of bills with tax law changes that have been introduced this year, the Department may not have the resources to implement all measures passed this session in time for tax year 2023. The Department will continue to monitor the status of the proposed legislation and will advise whether some changes will require a later effective date.

Thank you for the opportunity to provide comments on this measure.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-SECOND LEGISLATURE, 2023**

ON THE FOLLOWING MEASURE:
H.B. NO. 607, RELATING TO TAXATION.

BEFORE THE:
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

DATE: Wednesday, February 8, 2023 **TIME:** 10:15 a.m.

LOCATION: State Capitol, Room 423

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Joshua J. Michaels, Deputy Attorney General

Chair Holt and Members of the Committee:

The Department of the Attorney General provides the following comments.

The purpose of this bill is to establish an interisland produce shipping tax credit to alleviate the costs of interisland shipping for farmers and ranchers in the State. See page 2, lines 8-10. The bill would provide an income tax credit of up to \$20,000 to producers who incur input transportation costs for the shipping of produce and agricultural goods between counties in Hawaii. See page 2, line 20 to page 3, line 2. The definition of "producer" includes "any farmer or rancher in the State who is an individual, group of individuals, partnership, corporation, estate, trust, association, cooperative, broad line distributor, food hub, or other business enterprise or other legal entity who shares in the risk of producing an agricultural commodity in substantial commercial quantities and who is entitled to a share of the agricultural commodity from the agricultural operation." See page 5, lines 11-17.

This bill could be subject to challenge as a violation of the Commerce Clause of the United States Constitution, which provides that Congress shall have the power to "regulate Commerce . . . among the several States." U.S. Const. art I, § 8, cl. 3. "Though phrased as a grant of regulatory power to Congress, the clause has long been understood to have a 'negative' aspect that denies the States the power unjustifiably to discriminate against or burden the interstate flow of articles in commerce," known as the Dormant Commerce Clause. *Or. Waste Sys., Inc. v. Dep't of Env'tl. Quality*, 511 U.S.

93, 98 (1994). The doctrine prohibits states from "advancing their own commercial interests by curtailing the movement of articles of commerce, either into or out of the state," *Fort Gratiot Sanitary Landfill, Inc. v. Mich. Dep't of Nat. Res.*, 504 U.S. 353 (1992) (internal brackets omitted), upon concern about "economic protectionism," i.e., "regulatory measures designed to benefit in-state economic interests by burdening out-of-state competitors." *Dep't of Revenue of Ky. v. Davis*, 553 U.S. 328, 337 (2008).

Here, an income tax credit would be given to producers "in the State" who incur transportation costs for shipping produce and agricultural goods between Hawaii counties. Producers *outside* the State, who incur similar costs for their interisland shipping of produce and agricultural goods, would receive no such credit. Thus, the proposed tax credit may be challenged as unconstitutional because it would bestow a commercial advantage on in-State producers while burdening out-of-state competitors who would not be eligible for the same tax credit.

Based on the foregoing, one solution would be to remove the phrase "in the State" from the definition of "producer" (page 5, line 11). This amendment would address the possible Dormant Commerce Clause challenge by allowing the tax credit for all producers, regardless of location, who incur input transportation costs for interisland shipping.

Thank you for the opportunity to offer these comments.

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



SHARON HURD
Chairperson, Board of Agriculture

MORRIS M. ATTA
Deputy to the Chairperson

State of Hawai'i
DEPARTMENT OF AGRICULTURE
KA 'OIHANA MAHI'AI
1428 South King Street
Honolulu, Hawai'i 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

**TESTIMONY OF SHARON HURD
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

WEDNESDAY, FEBRUARY 8, 2023

10:15 A.M.

CONFERENCE ROOM 423 AND VIDEO CONFERENCING

**HOUSE BILL NO. 607
RELATING TO TAXATION**

Chairperson Holt and Members of the Committee:

Thank you for the opportunity to present testimony on House Bill 607 which amends Chapter 235 and establishes an interisland produce shipping tax credit to alleviate the costs of interisland shipping for farmers and ranchers in the State.

The Department of Agriculture supports the intent of this measure with the following comments. Given that Hawaii is an island state, any increase in cost of interisland transportation can serve as a barrier to market access for many local agricultural and food producers. When interisland surface cargo rates increased by 46 percent in 2020, some agricultural producers were tasked to sell on-island as the rates made shipping to the neighbor islands unprofitable.

On page 3, lines 13-18, the Department respectfully requests the committee to delete the language as it addresses a tax credit for renovation costs incurred in a commercial building, and is not relevant to the subject matter of an interisland produce shipping tax credit in this measure.

Finally, the Department appreciates all legislative efforts to lower the costs of

interisland shipping for farmers and ranchers in Hawaii. We defer to the Department of Taxation with respect to the proposed amendments in Chapter 235.

Thank you for the opportunity to testify on this measure.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Credit for Producers of Agricultural Goods for Interisland Shipping

BILL NUMBER: HB 607

INTRODUCED BY: GATES, BELATTI, COCHRAN, HUSSEY-BURDICK, KAHALOA, KILA, LAMOSAO, MARTEN, NAKASHIMA, ONISHI, PERRUSO, TAM, TARNAS, TODD

EXECUTIVE SUMMARY: Creates an income tax credit for taxpayers who are farmers, or are producers of agricultural commodities, cooperatives, broad line distributors, or food hubs who ship products and agricultural goods between counties.

SYNOPSIS: Adds a new section to chapter 235, HRS, to establish the interisland produce shipping tax credit. The credit is 20% of the input transportation costs for the shipping of produce and agricultural goods between counties, up to a maximum of \$20,000 per producer.

Defines “food hub” as a business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products, primarily from local producers, to strengthen the business or organization's ability to satisfy wholesale, retail, and institutional demand.

Defines “input transportation costs” as transportation costs of inputs used to produce an agricultural commodity, including but not limited to air freight, ocean freight, and land freight of chemicals, feed, fertilizer, fuel, seeds, plants, supplies, equipment parts, and other inputs.

Defines “producer” as any farmer or rancher in the State who is an individual, group of individuals, partnership, corporation, estate, trust, association, cooperative, broad line distributor, food hub, or other business enterprise or other legal entity who shares in the risk of producing an agricultural commodity in substantial commercial quantities and who is entitled to a share of the agricultural commodity from the agricultural operation.

Defines “verifiable records” as evidence that is used to substantiate the amount of eligible credits per producer that can be verified by the director of taxation through an independent source.

For a partnership, S corporation, estate, or trust, the cost upon which the credit is computed shall be determined at the entity level and the distribution and share of the tax credit shall be determined by administrative rule.

Requires the director of taxation to prepare any forms necessary to claim a credit, may require a taxpayer to furnish reasonable information to validate a claim for the credit, and adopt rules pursuant to HRS chapter 91. Requires claims for the credit, including any amended claims, to be filed on or before the end of the twelfth month following the taxable year for which the credit is claimed. Failure to comply with the foregoing provision shall constitute a waiver of the right to claim the tax credit.

The aggregate amount of tax credits claimed shall not exceed \$5 million for all taxpayers in any taxable year. Of the \$5 million, up to 50% may be claimed by farmers and ranchers; up to 30% may be claimed by food hubs; and up to 20% may be claimed by broad line distributors.

EFFECTIVE DATE: Taxable years beginning after December 31, 2022.

STAFF COMMENTS: Lawmakers need to keep in mind two things. First, the tax system is the device that raises the money that they, lawmakers, like to spend. Using the tax system to shape social policy merely throws the revenue raising system out of whack, making the system less than reliable as there is no way to determine how many taxpayers will avail themselves of the credit and in what amount.

The second point to remember about tax credits is that they are nothing more than the expenditure of public dollars, but out the back door. If, in fact, these dollars were subject to the appropriation process, would taxpayers be as generous about the expenditure of these funds when our kids are roasting in the public school classrooms, there isn't enough money for social service programs, or our state hospitals are on the verge of collapse?

In any event, a direct appropriation would be more accountable and transparent.

Furthermore, the additional credit would require changes to tax forms and instructions, reprogramming, staff training, and other costs that could be massive in amount. A direct appropriation may be a far less costly method to accomplish the same thing.

We also note that the statewide cap has three prongs and the bill does not articulate what happens if a taxpayer incurs eligible costs, applies for the credit, and it turns out that the statewide cap is exceeded. Is the current applicant denied? Is the applicant supposed to be able to carry the credit forward? Are all applicants denied pro rata?

Digested: 2/6/2023

HB-607

Submitted on: 2/6/2023 3:37:47 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Maureen Datta	Adaptations Inc	Support	Written Testimony Only

Comments:

I respectfully urge the committee to support HB607 in establishing an inter-island produce shipping tax credit to alleviate the costs of inter-island shipping for farmers and ranchers in the State.

Providing an income tax credit– similar to the current US DOA reimbursement transportation cost payment program– would substantively shift the economic burden borne by farmers in the distribution of locally grown produce by reimbursing producers for a portion of the cost to transport agricultural goods between the counties. This measure, additionally, will have positive market affects for the consumer by increasing farm (business) viability and lowering the food price– all of which furthers progress towards the State’s Aloha+ Challenge commitment to increase local food consumption and production.

- The purpose of this measure is to establish an inter-island produce shipping tax credit to alleviate the costs of inter-island shipping for farmers and ranchers in the State.
- The cost of inter-island transportation is a bottleneck for market access by food producers in Hawaii. This issue is also recognized by the United States Department of Agriculture, which administers a reimbursement transportation cost payment program for geographically disadvantaged farmers and ranchers to reimburse producers for a portion of the cost to transport agricultural commodities or inputs used to produce an agricultural commodity.
- The reimbursement transportation cost payment program helps eligible farmers and ranchers in Hawaii and the Pacific offset their overof transporting agricultural products or inputs used to produce an agricultural commodity over long distances. Payments from the program are calculated based on the costs incurred for transportation of the agricultural commodity or inputs during a fiscal year, subject to an \$8,000 per producer cap per fiscal year.
- Providing an income tax credit like the reimbursement transportation cost payment program that similarly reimburses producers for a portion of the cost to transport agricultural goods between the counties will reduce cost impacts to farm viability and consumer food price and support progress towards the State’s Aloha+ Challenge commitment to increase local food consumption and production.

HB-607

Submitted on: 2/6/2023 4:38:10 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Nancy Redfeather	Ka Ohana O Na Pua	Support	Written Testimony Only

Comments:

Aloha House Committee on Economic Development,

I respectfully urge the committee to support HB607 in establishing an inter-island produce shipping tax credit to alleviate the costs of inter-island shipping for farmers and ranchers in the State.

Providing an income tax credit– similar to the current US DOA reimbursement transportation cost payment program– would substantively shift the economic burden borne by farmers in the distribution of locally grown produce by reimbursing producers for a portion of the cost to transport agricultural goods between the counties. This measure, additionally, will have positive market affects for the consumer by increasing farm (business) viability and lowering the food price– all of which furthers progress towards the State’s Aloha+ Challenge commitment to increase local food consumption and production.

Please support HB607.

Thank you for your consideration,

Nancy Redfeather



Email: communications@ulupono.com

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
Wednesday, February 8, 2023 — 10:15 a.m.

Ulupono Initiative supports HB 607, Relating to Taxation.

Dear Chair Holt and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy and clean transportation choices, and better management of freshwater resources.

Ulupono supports HB 607, which creates an income tax credit for taxpayers who are farmers, or are producers of agricultural commodities, cooperatives, broad line distributors, or food hubs who ship products and agricultural goods between counties.

Ulupono supports the State's goal to double local food production. This measure seeks to address one of the most important issues facing local agriculture—transportation. To help address costs associated with moving agricultural products to markets, the Reimbursement Cost Transportation Program is a USDA Farm Service Agency program that is fully prescribed each year with roughly 200-300 applicants each year.

The program is a great resource, but not all producers are eligible or able to navigate the federal process. This is the case with many federal program opportunities for agriculturalists. Having some level of State support can directly provide a positive impact on producer bottom lines.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

February 8, 2023

HEARING BEFORE THE
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

TESTIMONY ON HB 607
RELATING TO TAXATION

Conference Room 423 & Videoconference
10:15 AM

Aloha Chair Holt, Vice-Chair Lamosao, and Members of the Committees:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau supports HB 607, which creates an income tax credit for taxpayers who are farmers, or are producers of agricultural commodities, cooperatives, broad line distributors, or food hubs who ship products and agricultural goods between counties.

Interisland transportation has been a major issue with neighbor island farmers and ranchers. The majority of agricultural lands are in the neighbor islands yet the population center is on Oahu. Neighbor island farmers and ranchers are disadvantaged when competing with fellow farmers and ranchers on Oahu due to additional transportation costs of bringing in supplies and sending products out. Each increase in interisland shipping rates means increased costs to these farmers and ranchers, costs that usually cannot be passed on to the vendor. This bill seeks to level the playing field by providing assistance to neighbor island farmers and ranchers.

We believe that this tax will help to reduce the operating costs for our neighbor island farmers and ranchers and eventually help reduce the cost of purchasing local agriculture products for local consumers.

Thank you for the opportunity to testify on this measure.



Officers

Kaipo Kekona
State President

Anabella Bruch
Vice-President

Maureen Datta
Secretary

Reba Lopez
Treasurer

Chapter Presidents

Madeline Ross
Kohala, Hawai'i

Odysseus Yacalis
East Hawai'i

Puna, Hawai'i

Andrea Drayer
Ka'u, Hawai'i

Chantal Chung
Kona, Hawai'i

Fawn Helekahi-Burns
Hana, Maui

Reba Lopez
Haleakala, Maui

Kaiea Medeiros
Mauna Kahalawai,
Maui

Kaipo Kekona
Lahaina, Maui

Rufina Kaauwai
Molokai

Negus Manna
Lāna'i

Brynn Foster
North Shore, O'ahu

Christian Zuckerman
Wai'anae, O'ahu

Ted Radovich
Waimanalo, O'ahu

Vincent Kimura
Honolulu, O'ahu

Ray Maki
Kauai

Aloha Chair Holt, Vice Chair Lamosao, and Members of the House Economic Development Committee,

The Hawaii Farmers Union United (HFUU) is a 501(c)(5) agricultural advocacy nonprofit representing a network of over 2,500 family farmers and their supporters across the Hawaiian Islands. **HFUU strongly supports HB607.**

We all understand the importance of supporting farmers and producers across Hawaii, as well as the need to ensure that our agricultural sector remains strong. The proposed income tax credit for those who are in this industry will provide much needed relief and assistance to farmers and producers who are so often the backbone of our rural and island economies.

This tax credit can help to reduce the cost of shipping agricultural products between counties and make it easier for farmers and producers to provide the food that is so important for our communities. Additionally, it will help to create a level playing field between large and small-scale producers and distributors, providing resources and assistance to those that are the most vulnerable. We strongly support HB607 and hope that it will benefit Hawai'i's farmers and producers meaningfully.

We also offer the following amendments to clarify language and program structure:

Remove section (d) to focus on interisland produce shipping:

~~(d) In the case of a partnership, S corporation, [estate, trust, or any developer of a commercial building,] the tax credit allowable is for shipping [renovation] costs incurred by the entity for the taxable year. The cost upon which the tax credit is computed shall be determined at the entity level. Distribution and share of credit shall be determined by rule.~~

Remove current section (g) as this credit does not offer refunds:

~~(g) All of the provisions relating to assessments and refunds under this chapter and under section 231-23(c)(1) shall apply to the tax credit under this section.~~

Include a new section (g) to establish the Department of Agriculture as a third party certifying agency of the credit to issue certificates and track the amount of the \$5M annual credit remaining for use:

(g) The department of agriculture shall:

(1) Maintain records of the names and addresses of the qualified taxpayers claiming the credits under this section and the total amount of the qualified expenses upon which the tax credits are based;

(2) Verify the nature and amount of the qualified expenses;

(3) Total all qualified and cumulative expenses that the department certifies; and

(4) Certify the amount of the tax credit for each taxpayer for each taxable year and the cumulative amount of the tax credit.

Refine non- producer or food hub distributors who may use the credit:

(c) The tax credits shall be distributed annually as follows:

(1) Up to fifty per cent of the total tax credits available may be claimed by farmers and ranchers;

(2) Up to thirty per cent of the total tax credits available may be claimed by food hubs; and

(3) Up to twenty per cent of the total tax credits available may be claimed by [~~broad line~~]distributors.

Define distributors:

(h) As used in this section:

"Distributors" means a business or organization that functions as an intermediary between food manufacturers and the food service operator.

Mahalo for the opportunity to testify.

Kaipo Kekona, President HFUU/HFUF





House Committee on Economic Development

Hawai'i Alliance for Progressive Action (HAPA) Supports: HB607

Wednesday, February 8th, 2023 10:15 a.m. Conference Room 224

Aloha Chair Holt, Vice Chair Lamosao and Members of the Committee,

HAPA supports HB607 which creates an income tax credit for taxpayers who are farmers, or are producers of agricultural commodities, cooperatives, broad line distributors, or food hubs who ship products and agricultural goods between counties.

The purpose of this measure is to establish an inter-island produce shipping tax credit to alleviate the costs of inter-island shipping for farmers and ranchers in the State which we understand is an important part of supporting our local agriculture sector and food security. .

The cost of inter-island transportation is a bottleneck for market access by food producers in Hawaii. This issue is also recognized by the United States Department of Agriculture, which administers a reimbursement transportation cost payment program for geographically disadvantaged farmers and ranchers to reimburse producers for a portion of the cost to transport agricultural commodities or inputs used to produce an agricultural commodity.

The reimbursement transportation cost payment program helps eligible farmers and ranchers in Hawaii and the Pacific offset their costs for transporting agricultural products or inputs used to produce an agricultural commodity over long distances. Payments from the program are calculated based on the costs incurred for transportation of the agricultural commodity or inputs during a fiscal year, subject to an \$8,000 per producer cap per fiscal year.

Providing an income tax credit like the reimbursement transportation cost payment program that similarly reimburses producers for a portion of the cost to transport agricultural goods between the counties will reduce cost impacts to farm viability and consumer food price and support progress towards the State's Aloha+ Challenge commitment to increase local food consumption and production.

Please support local food producers and distributors and pass HB607.

Thank you for your consideration.

Respectfully,

A handwritten signature in black ink, appearing to read 'Anne Frederick', written in a cursive style.

Anne Frederick
Executive Director



Food+ Policy Internship 2023

food@purplemaia.org

LATE

February 7, 2023

To: Chair Holt, Vice Chair Lamosao and the House Committee on Economic Development

Subject: HB 607, Relating To Taxation

Aloha Hawai'i State Legislators,

The cost of inter-island transportation is a major restriction for local food growers and producers trying to get their products to market. The Hawai'i Commercial Agricultural Expansion Survey of 2021 by the Hawai'i Department of Agriculture, concluded that the cost of shipping is the third largest barrier to expanding agriculture in the state. Establishing a produce shipping tax credit can help reduce the costs of interisland shipping, thus also helping to alleviate the high cost of agricultural production in Hawai'i that impacts both farm viability and the price of local food for consumers. We advocate in strong support of HB 607 because establishing a shipping tax credit can help improve statewide goals of increasing local food production and consumption.

Mahalo,

Mahalo,

Tierra Bartolotti & the Food+ Policy Team

#fixourfoodsystem

The Food+ Policy internship develops student advocates who learn work skills while increasing civic engagement to become emerging leaders. We focus on good food systems policy because we see the importance and potential of the food system in combating climate change and increasing the health, equity, and resiliency of Hawai'i communities.

In 2023, the cohort of interns are undergraduate and graduate students from throughout the UH System. They are a mix of traditional and nontraditional students, including parents and veterans, who have backgrounds in education, farming, public health, nutrition, and Hawaiian culture.

HB-607

Submitted on: 2/6/2023 11:05:53 AM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Support	Written Testimony Only

Comments:

I support HB607.

HB-607

Submitted on: 2/6/2023 3:10:52 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Meredith Cross	Individual	Support	Written Testimony Only

Comments:

Hello House Committee on Economic Development,

I respectfully urge the committee to support HB607 in establishing an inter-island produce shipping tax credit to alleviate the costs of inter-island shipping for farmers and ranchers in the State.

Providing an income tax credit– similar to the current US DOA reimbursement transportation cost payment program– would substantively shift the economic burden borne by farmers in the distribution of locally grown produce by reimbursing producers for a portion of the cost to transport agricultural goods between the counties. This measure, additionally, will have positive market affects for the consumer by increasing farm (business) viability and lowering the food price– all of which furthers progress towards the State’s Aloha+ Challenge commitment to increase local food consumption and production.

Please support HB607.

Thank you for your consideration,

Meredith Cross, Kapa'a, HI

HB-607

Submitted on: 2/6/2023 3:22:57 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Molly Mamaril	Individual	Support	Written Testimony Only

Comments:

Aloha House Committee on Economic Development,

I respectfully urge the committee to support HB607 in establishing an inter-island produce shipping tax credit to alleviate the costs of inter-island shipping for farmers and ranchers in the State.

Providing an income tax credit– similar to the current US DOA reimbursement transportation cost payment program– would substantively shift the economic burden borne by farmers in the distribution of locally grown produce by reimbursing producers for a portion of the cost to transport agricultural goods between the counties. This measure, additionally, will have positive market affects for the consumer by increasing farm (business) viability and lowering the food price– all of which furthers progress towards the State’s Aloha+ Challenge commitment to increase local food consumption and production.

Please support HB607.

Thank you for your consideration,

Molly Mamaril, Kaimuki

HB-607

Submitted on: 2/6/2023 3:30:19 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
John NAYLOR	Individual	Support	Written Testimony Only

Comments:

Aloha,

I support Tax credits for farmers and those that assist them.

Mahalo,

JN Makawao

HB-607

Submitted on: 2/6/2023 3:35:28 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Nathan Leo Braulick	Individual	Support	Written Testimony Only

Comments:

Hello House Committee on Economic Development,

I respectfully urge the committee to support HB607 in establishing an inter-island produce shipping tax credit to alleviate the costs of inter-island shipping for farmers and ranchers in the State.

Providing an income tax credit– similar to the current US DOA reimbursement transportation cost payment program– would substantively shift the economic burden borne by farmers in the distribution of locally grown produce by reimbursing producers for a portion of the cost to transport agricultural goods between the counties. This measure, additionally, will have positive market affects for the consumer by increasing farm (business) viability and lowering the food price– all of which furthers progress towards the State’s Aloha+ Challenge commitment to increase local food consumption and production.

Please support HB607.

Thank you for your consideration,

Nathan Leo Braulick

Honolulu, HI 97826

HB-607

Submitted on: 2/6/2023 4:10:05 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Eleanor Snyder	Individual	Support	Written Testimony Only

Comments:

We need to do everything to support our island farmers

HB-607

Submitted on: 2/6/2023 5:55:31 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
tlaloc tokuda	Individual	Support	Written Testimony Only

Comments:

Farm tax credits: Aloha ECD Chair, Vice Chair & Committee,

I support HB607 because it will give farm producers tax credits which will bring the cost of agriculture commodities (via tax credits) down. This will supposedly lower the cost of agricultural commodities which will lead to more Hawaiian agricultural products being sold (lower cost means more consumption).

HB607 - Food Producers & Food Hubs Inter Island Shipping Tax Credit

Creates an income tax credit for taxpayers who are farmers, or are producers of agricultural commodities, cooperatives, broad line distributors, or food hubs who ship products and agricultural goods between counties.

- The purpose of this measure is to establish an inter-island produce shipping tax credit to alleviate the costs of inter-island shipping for farmers and ranchers in the State.
- The cost of inter-island transportation is a bottleneck for market access by food producers in Hawaii. This issue is also recognized by the United States Department of Agriculture, which administers a reimbursement transportation cost payment program for geographically disadvantaged farmers and ranchers to reimburse producers for a portion of the cost to transport agricultural commodities or inputs used to produce an agricultural commodity.
- The reimbursement transportation cost payment program helps eligible farmers and ranchers in Hawaii and the Pacific offset their overhead of transporting agricultural products or inputs used to produce an agricultural commodity over long distances. Payments from the program are calculated based on the costs incurred for transportation of the agricultural commodity or inputs during a fiscal year, subject to an \$8,000 per producer cap per fiscal year.
- Providing an income tax credit like the reimbursement transportation cost payment program that similarly reimburses producers for a portion of the cost to transport agricultural goods between the counties will reduce cost impacts to farm viability and consumer food price and support progress towards the State’s Aloha+ Challenge commitment to increase local food consumption and production.

I respectfully urge the committee to support HB607 in establishing an inter-island produce shipping tax credit to alleviate the costs of inter-island shipping for farmers and ranchers in the State.

Providing an income tax credit– similar to the current US DOA reimbursement transportation cost payment program– would substantively shift the economic burden borne by farmers in the distribution of locally grown produce by reimbursing producers for a portion of the cost to transport agricultural goods between the counties. This measure, additionally, will have positive market affects for the consumer by increasing farm (business) viability and lowering the food price– all of which furthers progress towards the State’s Aloha+ Challenge commitment to increase local food consumption and production.

Please support HB607.

Mahalo for your consideration,

tlaloc tokuda

Kailua Kona, HI 96740

HB-607

Submitted on: 2/6/2023 6:39:12 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Marlies Lee	Individual	Support	Written Testimony Only

Comments:

Aloha,

Yes, Support local framers and inter island commerce. We can grow so much of our own food and let's have a goal to not import so much ASAP

thanks

Marlies

HB-607

Submitted on: 2/6/2023 8:21:30 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
pamela burrell	Individual	Support	Written Testimony Only

Comments:

Aloha House members,

Please support HB 607

Providing an income tax credit– similar to the current US DOA reimbursement transportation cost payment program– would substantively shift the economic burden borne by farmers in the distribution of locally grown produce by reimbursing producers for a portion of the cost to transport agricultural goods between the counties.

Support our local farmers.

Regards,

Pamela Burrell, Kalihiwai, Kaua'i

HB-607

Submitted on: 2/6/2023 8:22:02 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Charlene K. Rowley	Individual	Support	Written Testimony Only

Comments:

Hello House Committee on Economic Development,

I respectfully urge the committee to support HB607 in establishing an inter-island produce shipping tax credit to alleviate the costs of inter-island shipping for farmers and ranchers in the State.

Providing an income tax credit– similar to the current US DOA reimbursement transportation cost payment program– would substantively shift the economic burden borne by farmers in the distribution of locally grown produce by reimbursing producers for a portion of the cost to transport agricultural goods between the counties. This measure, additionally, will have positive market affects for the consumer by increasing farm (business) viability and lowering the food price– all of which furthers progress towards the State’s Aloha+ Challenge commitment to increase local food consumption and production.

Please support HB607.

Thank you for your consideration,

Charlene Kiana Rowley

HB-607

Submitted on: 2/6/2023 10:02:59 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Celle Galarza	Individual	Support	Written Testimony Only

Comments:

Greetings House Committee on Economic Development,

I support HB607 as it establishes an inter-island produce shipping tax credit to alleviate the costs of inter-island shipping for farmers and ranchers in the State.

If an an income tax credit was provided it could substantively shift the economic burden carried by local farmers during the distribution of locally grown produce. It would reimburse the producers for a portion of the cost to it takes to transport agricultural goods between counties.

This measure, will have positive affect on by lowering local food costs and also increasing farm (business) viability. It also shows progress toward the Aloha+ Challenge commitment to increase local food production and consumption. It seems like a win, win situation for all!

Please support HB607.

Sincerely, Chelle Galarza, Haiku

HB-607

Submitted on: 2/7/2023 2:55:45 AM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Nanea Lo	Individual	Support	Written Testimony Only

Comments:

Hello House Committee on Economic Development,

I respectfully urge the committee to support HB607 in establishing an inter-island produce shipping tax credit to alleviate the costs of inter-island shipping for farmers and ranchers in the State.

Providing an income tax credit– similar to the current US DOA reimbursement transportation cost payment program– would substantively shift the economic burden borne by farmers in the distribution of locally grown produce by reimbursing producers for a portion of the cost to transport agricultural goods between the counties. This measure, additionally, will have positive market affects for the consumer by increasing farm (business) viability and lowering the food price– all of which furthers progress towards the State’s Aloha+ Challenge commitment to increase local food consumption and production.

Please support HB607.

Thank you for your consideration,

Nanea Lo, Mō‘ili‘ili

HB-607

Submitted on: 2/7/2023 7:21:23 AM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Joan Heller	Individual	Support	Written Testimony Only

Comments:

I support HB 607,

Thank you,

Joan Heller, PO Box 387, Lawai 96765

HB-607

Submitted on: 2/7/2023 7:26:46 AM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Carol Philips	Individual	Support	Written Testimony Only

Comments:

Aloha, House Committee on Economic Development,

I respectfully urge the committee to support HB607 in establishing an inter-island produce shipping tax credit to alleviate the costs of inter-island shipping for farmers and ranchers in the State.

Providing an income tax credit– similar to the current US DOA reimbursement transportation cost payment program– would substantively shift the economic burden borne by farmers in the distribution of locally grown produce by reimbursing producers for a portion of the cost to transport agricultural goods between the counties. This measure, additionally, will have positive market effects for the consumer by increasing farm (business) viability and lowering the food price– all of which further progress towards the State’s Aloha+ Challenge commitment to increase local food consumption and production.

Please support HB607.

Mahalo for your consideration,

Carol Philips - Haleiwa

HB-607

Submitted on: 2/7/2023 8:13:20 AM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Abbey Holmes	Individual	Support	Written Testimony Only

Comments:

Hello House Committee on Economic Development,

I respectfully urge the committee to support HB607 in establishing an inter-island produce shipping tax credit to alleviate the costs of inter-island shipping for farmers and ranchers in the State.

Providing an income tax credit– similar to the current US DOA reimbursement transportation cost payment program– would substantively shift the economic burden borne by farmers in the distribution of locally grown produce by reimbursing producers for a portion of the cost to transport agricultural goods between the counties. This measure, additionally, will have positive market affects for the consumer by increasing farm (business) viability and lowering the food price– all of which furthers progress towards the State’s Aloha+ Challenge commitment to increase local food consumption and production.

Please support HB607.

Thank you for your consideration,

Abbey Holmes Kilauea Resident

HB-607

Submitted on: 2/7/2023 8:51:51 AM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Shannon Rudolph	Individual	Support	Written Testimony Only

Comments:

Support

HB-607

Submitted on: 2/7/2023 9:08:42 AM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Ariana Datta	Individual	Support	Written Testimony Only

Comments:

Dear House Committee on Economic Development,

I hope the committee will support HB607 in establishing an inter-island produce shipping tax credit to alleviate the costs of inter-island shipping for farmers and ranchers in the State. As a former food hub employee, I've witnessed firsthand high demands for inter-island produce sales as well as a high shipping cost burden. At this time, shipping produce inter-island is crucial to ensure the state meets its local procurement goals.

Providing an income tax credit– similar to the current US DOA reimbursement transportation cost payment program– would substantively shift the economic burden borne by farmers in the distribution of locally grown produce by reimbursing producers for a portion of the cost to transport agricultural goods between the counties. This measure, additionally, will have positive market affects for the consumer by increasing farm (business) viability and lowering the food price– all of which furthers progress towards the State’s Aloha+ Challenge commitment to increase local food consumption and production.

Please support HB607.

Thank you for your consideration,

Ariana Datta, Holualoa

HB-607

Submitted on: 2/7/2023 12:43:39 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Jessica Waia'u	Individual	Support	Written Testimony Only

Comments:

Hello House Committee on Economic Development,

I respectfully urge the committee to support HB607 in establishing an inter-island produce shipping tax credit to alleviate the costs of inter-island shipping for farmers and ranchers in the State.

Providing an income tax credit– similar to the current US DOA reimbursement transportation cost payment program– would substantively shift the economic burden borne by farmers in the distribution of locally grown produce by reimbursing producers for a portion of the cost to transport agricultural goods between the counties. This measure, additionally, will have positive market affects for the consumer by increasing farm (business) viability and lowering the food price– all of which furthers progress towards the State’s Aloha+ Challenge commitment to increase local food consumption and production.

Please support HB607.

Thank you for your consideration,

Jessica Waia'u, Waiakea

HB-607

Submitted on: 2/7/2023 1:49:51 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Barbara Barry	Individual	Support	Written Testimony Only

Comments:

This is important for our islands food security.
Please support Hb 607!
Mahalo,

HB-607

Submitted on: 2/7/2023 2:32:43 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Jessica Kuzmier	Individual	Support	Written Testimony Only

Comments:

Aloha, I urge you to support HB607 Food Producers & Food Hubs Inter Island Shipping Tax Credit, which creates an income tax credit an inter-island produce shipping tax credit to alleviate the costs of inter-island shipping for Hawaii farmers and ranchers in the State.

As you are aware, the cost of inter-island transportation is a real obstacle for food producers in Hawaii, especially when they want to do business with other islands. This issue is also recognized by the United States Department of Agriculture, which administers a reimbursement transportation cost payment program for geographically disadvantaged farmers and ranchers to reimburse producers for a portion of the cost to transport agricultural commodities or inputs used to produce an agricultural commodity.

The reimbursement transportation cost payment program helps eligible farmers and ranchers in Hawaii and the Pacific offset their over of transporting agricultural products or inputs used to produce an agricultural commodity over long distances. Payments from the program are calculated based on the costs incurred for transportation of the agricultural commodity or inputs during a fiscal year, subject to an \$8,000 per producer cap per fiscal year.

Providing an income tax credit– similar to the current US DOA reimbursement transportation cost payment program– would substantively shift the economic burden borne by farmers in the distribution of locally grown produce by reimbursing producers for a portion of the cost to transport agricultural goods between the counties. This measure, additionally, will have positive market affects for the consumer by increasing farm (business) viability and lowering the food price– all of which furthers progress towards the State’s Aloha+ Challenge commitment to increase local food consumption and production.

I personally, however, would like it if in the future that all inter-island transportation for any local agricultural business that is stationed here in Hawaii can receive a tax credit, and that since in the future it is likely the cost of fuel and shipping will only become more expensive, any cap should be at a minimum be revisited so that businesses are incentivized to do business locally and not take their business elsewhere where it’s cheaper to do the business. But it is a good start, and finally our local food producers can get some relief, especially in the wake of COVID’s impact on business.

Please support HB607, as it is a good start to reward those businesses who wish to enhance our local economy and create a self-sustaining agricultural base for us all.

Mahalo for your time and for hearing my views on this subject.