

STAND. COM. REP. NO.

**2536**

Honolulu, Hawaii

**FEB 16 2024**

RE: S.B. No. 2432  
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. 2432 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a tax credit for food manufacturers who produce value-added products using local crops.

Your Committee received testimony in support of this measure from the Department of Agriculture and Hawaii Food+ Policy.

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 by 2030. One barrier to that goal is that there is little access to capital for food manufacturing and few incentives for investment in Hawaii's food manufacturing industry. Your Committee recognizes that value-added food manufacturers in the State face high production costs and narrow profit margins, which imposes financial burdens and deters the creation and distribution of food products in the State. The tax credit as provided in this measure can incentivize food manufacturers to utilize local agricultural yields to reduce food waste; develop new products; and increase revenues in the State.

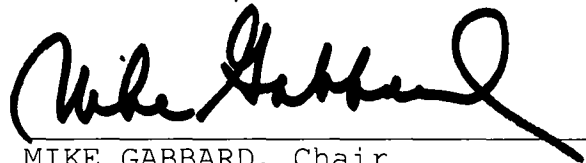


Your Committee has amended this measure by:

- (1) Capping the maximum amount of the tax credit to be claimed by a qualified taxpayer in each taxable year at \$100,000; and
- (2) Capping the total amount of tax credits to be claimed in the State for each taxable year at \$10,000,000.

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. 2432, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2432, 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,

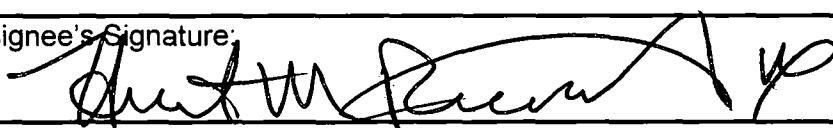


MIKE GABBARD, Chair



The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Agriculture and Environment**  
**AEN**

Bill / Resolution No.:* <b>SB 2432</b>	Committee Referral: <b>AEN, WAM</b>	Date: <b>02-12-24</b>		
<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				
<b>Members</b>	<b>Aye</b>	<b>Aye (WR)</b>	<b>Nay</b>	<b>Excused</b>
GABBARD, Mike (C)	<del>X</del>			
RICHARDS, III, Herbert M. "Tim" (VC)	<del>X</del>			
DECOITE, Lynn	<del>X</del>			
RHOADS, Karl	<del>X</del>			
AWA, Brenton	<del>X</del>			
<b>TOTAL</b>	<b>5</b>			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes