

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. 1417, Relating to Farms.

BEFORE THE:

House Committee on Agriculture & Food Systems

DATE: Wednesday, February 12, 2025

TIME: 11:00 a.m.

LOCATION: State Capitol, Room 325

Chair Kahaloe, Vice-Chair Kusch, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 1417 for your consideration.

H.B. 1417 amends section 235-7, Hawaii Revised Statutes (HRS), to exclude from gross income, adjusted income, and taxable income the first \$50,000 of income earned by a farmer.

A farmer is defined as an individual earning more than 75 percent of the individual's gross income from farm products.

"Farm products" means production from agricultural activities described in section 205-4.5(a) (1), (2), and (3), HRS, specifically cultivation of crops, including crops for bioenergy, flowers, vegetables, foliage, fruits, forage, and timber; game and fish propagation; and raising of livestock, including poultry, bees, fish, or other animal or aquatic life that are propagated for economic or personal use.

The bill takes effect upon approval and shall apply to taxable years beginning after December 31, 2025.

DOTAX recommends that the definition of "farm products" be amended to include

the language from the incorporated statute rather than relying on the cross-reference to read as follows:

"Farm products" means production from cultivation of crops, including crops for bioenergy, flowers, vegetables, foliage, fruits, forage, and timber; game and fish propagation; and raising of livestock, including poultry, bees, fish, or other animal or aquatic life that are propagated for economic or personal use.

DOTAX is able to administer this bill with the current effective date.

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

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



SHARON HURD
Chairperson, Board of Agriculture

DEAN M. MATSUKAWA
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 AGRICULTURE & FOOD SYSTEMS

WEDNESDAY, FEBRUARY 12, 2025
11:00 AM
CONFERENCE ROOM 325

HOUSE BILL NO. 1417
RELATING TO FARMS

Chair Kahaloa, Vice Chair Kusch and Members of the Committee:

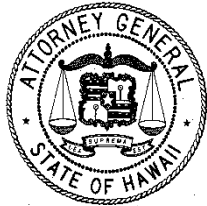
Thank you for the opportunity to testify on House Bill 1417. This bill aims to create an exclusion from income tax for the first \$50,000 of income earned by farmers. The Department of Agriculture (Department) supports this important initiative with comments.

The Department recognizes the importance of offering an income tax exclusion to encourage young individuals to pursue careers in Hawai'i's agricultural sector. According to the 2022 Agricultural Census for Hawai'i, approximately 85% of local farms reported annual sales of less than \$50,000. The Department would request consideration that the benefit been given to all farm operations.

Given the demanding nature of agricultural work, this initiative plays a vital role in supporting the growth of small farms and promoting diversified farming enterprises. Finally, the Department appreciates the intent and defers to the Department of Taxation.

Thank you for the opportunity to testify on this important measure.





**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2025**

ON THE FOLLOWING MEASURE:
H.B. NO. 1417, RELATING TO FARMS.

BEFORE THE:
HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS

DATE: Wednesday, February 12, 2025 **TIME:** 11:00 a.m.

LOCATION: State Capitol, Room 325

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Janine R. Udoi, Deputy Attorney General

Chair Kahaloa and Members of the Committee:

The Department of the Attorney General provides the following comments.

This bill amends section 235-7(a), Hawaii Revised Statutes (HRS), by adding a new paragraph (15) to exclude the first \$50,000 of income earned by farmers from income tax.

Section 235-7(a), HRS, as set forth in this bill, was repealed and reenacted in a version that no longer included paragraphs (13) and (14), effective January 1, 2018. Consequently, the bill, as currently drafted, seeks to amend an outdated version of section 235-7(a), HRS.

To ensure clarity and consistency, we recommend removing paragraph (13) (page 6, lines 4-9) and paragraph (14) (page 6, line 10, through page 7, line 6). Additionally, the proposed amendment on page 7, lines 7-14, currently designated as paragraph (15), should be renumbered as paragraph (13).

Thank you for the opportunity to provide comments on the bill.



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 12, 2025

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS

TESTIMONY ON HB 1417
RELATING TO FARMS

Conference Room 325 & Videoconference
11:00 AM

Aloha Chair Kahaloe, Vice-Chair Kusch, and Members of the Committee:

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 1417, which creates an exclusion from income tax for the first \$50,000 of income earned by farmers. This measure is an important step toward reducing the financial burdens on Hawai'i's agricultural producers and strengthening local food production.

Farming in Hawai'i is a challenging business. Farmers face high costs for land, water, labor, transportation, inputs, and compliance with state and federal regulations. Invasive species and unpredictable weather conditions further add to the financial instability of farming operations. According to the most recent agricultural census, nearly 80 percent of farms in Hawai'i report annual sales under \$25,000, and the state has twice as many farmers over the age of 75 as under 35. Attracting new farmers and ensuring that existing operations can remain viable requires strong policy support, including tax incentives that allow farmers to reinvest in their businesses.

HB 1417 provides much-needed relief by allowing farmers to exclude the first \$50,000 of their income from state income tax. This reduction in tax liability will allow farmers to reinvest in their operations, upgrade equipment, expand production, and improve sustainability practices. In addition to helping individual farmers, this measure will contribute to the broader goal of increasing local food production and reducing Hawai'i's reliance on imported food.

Reducing the cost of production is critical to making locally grown food more competitive with imports. Farmers in Hawai'i operate at a significant disadvantage compared to

mainland and international producers, where land, labor, and input costs are lower. By reducing taxes on farm income, HB 1417 helps level the playing field and creates an economic incentive for farmers to continue farming and expand their operations.

One potential area for clarification is the definition of “farmer.” As written, the exemption appears to apply only to individuals, which may exclude other forms of farm ownership such as partnerships, corporations, and agricultural cooperatives. Expanding eligibility to ensure that all bona fide farming operations can benefit from this measure would further strengthen its impact.

We urge the committee to pass HB 1417 to support Hawai‘i’s farmers, promote agricultural growth, and improve the long-term viability of local food production.

Thank you for the opportunity to testify on this measure.

HB-1417

Submitted on: 2/10/2025 2:50:59 PM

Testimony for AGR on 2/12/2025 11:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|------------------|---------------------|--------------------|---------------------------|
| Colehour Bondera | Kanalani Ohana Farm | Support | Written Testimony Only |

Comments:

Aloha Chair and Committee Members:

As a long-time farmer in Honaunau, I strongly request that you support this piece of legislation.

Hawaii must support local food production and must make it financially viable for those of us so engaged.

Though it will not likely benefit our family, this incentive for especially young and small-scale farmers to stick with their efforts and continue to farm and expand is critical.

Please support Hawaii agriculture in all the ways possible.

Please vote for this piece of legislation.

Yours,

Colehour Bondera

KANALANI OHANA FARM

colemel2@gmail.com



February 11, 2025

To: Chair Kirstin Kahaloa, Vice Chair Matthias Kusch and the House Committee on Agriculture & Food Systems

Subject: **HB1417**, Relating to Farms

Aloha,

I am writing in **support** of **HB1417**, which asks to establish an income tax exclusion for the first \$50,000 of income earned by farmers. The measure states that “farmer” is defined by an individual who earns over 75% percent of their gross income from farm products and agricultural activities. Providing financial relief to Hawai‘i’s farmers will help combat one of the greatest hindrances to the growth of our agriculture sector and our progress toward increasing local food production.

Farming is not an easy way to earn a living in Hawai‘i. The [2022 Census of Agriculture](#) found that nearly 50% of the State’s 11,833 agricultural producers rely on a primary occupation other than farming. Additionally, the Census noted that almost 80% of Hawai‘i’s farms are primarily owned and operated by families or individuals. Not only are these producers working multiple jobs to support themselves and their ‘ohana, but they are also part of an aging population. [The average age of a Hawai‘i farmer is 60.7, with most being over 55 and less than 6% of farmers being under 35](#). These aging individuals are faced with immense physical and mental pressures of needing multiple income streams, while farming alone is already an incredibly demanding task. Enticing the younger generations to pursue careers in farming will remain a challenge if the State does not make an effort to target the financial barriers of farming in Hawai‘i.

Between 2017 to 2022, [Hawai‘i lost 10.4% of its farms with just 6,569 farms operating in 2022](#). This downward trend is troubling because it makes it much more difficult for the State to decrease import dependency and reach its goal of doubling local food production by 2030. Additionally, the decline can challenge other missions like getting more local produce into

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 2025, the cohort of interns are undergraduate and graduate students and young professionals working in the food 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.

https://www.nass.usda.gov/Publications/AgCensus/2022/Full_Report/Volume_1_Chapter_1_State_Level/hawaii/hiv1.pdf



schools as well working towards better emergency preparedness. It is important that we help maintain the viability of our local farms by relieving some financial pressures faced by agricultural producers. Establishing a tax exclusion to benefit local producers can help improve Hawai'i's agricultural economy by investing in our agricultural future and enticing a younger generation of farmers.

I urge the committee to pass this measure. Thank you for the opportunity to testify on this issue.

Mahalo,
Lea Iaea & 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 2025, the cohort of interns are undergraduate and graduate students and young professionals working in the food 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.

https://www.nass.usda.gov/Publications/AgCensus/2022/Full_Report/Volume_1_Chapter_1_State_Level/hawaii/hiv1.pdf

HB-1417

Submitted on: 2/10/2025 3:43:50 PM

Testimony for AGR on 2/12/2025 11:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|--------------|--------------|--------------------|---------------------------|
| penny levin | Individual | Support | Written Testimony Only |

Comments:

In strong support. This should apply to any resident making \$50K or less as it far under the state low income mark and not a living wage here in Hawai'i, but, farmers are an excellent place to start! Mahalo.

HB-1417

Submitted on: 2/10/2025 5:05:25 PM

Testimony for AGR on 2/12/2025 11:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|--------------|--------------|--------------------|------------------------|
| Alyssa Alcos | Individual | Support | Written Testimony Only |

Comments:

Dear Chair, Vice Chair, and Members of the Committee,

My name is Alyssa Alcos and I am writing in strong support of HB1417 because it will incentivize young people in our state to pursue careers in farming, helping to address the urgent need for agricultural sustainability in Hawai‘i. As the daughter of a farmer with over 20 years of experience and coming from a family of plantation sugar cane farmers, I have seen firsthand the challenges that Hawai‘i’s agricultural community faces. Our reliance on imports has made us vulnerable, and we must take proactive steps to ensure our state’s food security for future generations.

Hawai‘i has the oldest farmers in the United States, and failing to encourage the next generation of farmers will only make our economy more dependent on costly imports while reducing economic diversification. Nearly 80% of Hawai‘i’s farms generate less than \$25,000 annually, making it financially challenging for farmers to sustain their livelihoods. By creating a tax exclusion for the first \$50,000 of income earned by farmers, this bill would provide critical financial relief to existing farmers and encourage more young people to enter the field.

Beyond providing financial incentives, we also need to support innovative and space-saving agricultural methods such as vertical farming, aquaponics, and hydroponics—techniques that our Asian counterparts have successfully adopted. By passing HB1417, we take an essential step toward agricultural sustainability, but we must also continue planning for the future when external supply chains may be disrupted. Hawai‘i must be prepared to rely on our ‘āina and ahupua‘a for resources, ensuring that we can sustain ourselves even if shipments stop arriving.

I sincerely thank the committee for hearing this bill and urge its passage. Investing in our local farmers today is an investment in Hawai‘i’s future food security and economic resilience.

Mahalo for your time and consideration.

Alyssa Alcos

HB-1417

Submitted on: 2/10/2025 5:19:54 PM

Testimony for AGR on 2/12/2025 11:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|--------------|--------------|--------------------|------------------------|
| Brett Kulbis | Individual | Support | Written Testimony Only |

Comments:

Chair Kahaloa and Committee Members,

My name is Brett Kulbis, I'm a 26yr Navy Veteran and Retired Civil Servant. I live in Ewa Beach.

I STRONGLY SUPPORT HB-1417.

HB-1417 proposes to create an exclusion from income tax for the first \$50,000 of income earned by farmers. This bill addresses a critical issue facing Hawaii's agricultural sector: the sustainability and viability of small farms. By providing tax relief to farmers, HB-1417 can help ensure the long-term health of our local food systems and support economic diversification in the state.

Many of Hawaii's farms are small and struggle to remain economically viable due to high operational costs, including land, labor, and equipment expenses. By exempting the first \$50,000 of income from taxation, it will significantly improve the financial stability of these farms, allowing them to reinvest in their operations and expand their production.

Encouraging local food production is crucial for Hawaii's food security and reducing reliance on imported goods. This tax exclusion will incentivize farmers to increase their output, contributing to a more self-sufficient food system and enhancing the state's resilience to external market fluctuations.

The high cost of entry into farming often discourages young and beginning farmers. By reducing the tax burden, it will make farming more attractive to new generations, ensuring the continuation of Hawaii's agricultural heritage and promoting innovation in the sector.

Enhancing local food production helps ensure that Hawai'i can meet more of its own food needs, reducing dependence on external supplies and enhancing food security.

HB-1417 offers a practical and effective solution to support Hawaii's agricultural sector, which is essential for the state's economic diversification and food security. This bill will help ensure the long-term viability of our local farms and contribute to a more resilient future for Hawai'i.

Respectfully, I STRONGLY encourage you to vote YES on HB-1417.

HB-1417

Submitted on: 2/10/2025 5:59:32 PM

Testimony for AGR on 2/12/2025 11:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|--------------|--------------|--------------------|------------------------|
| Antya Miller | Individual | Support | Written Testimony Only |

Comments:

HB1417: RELATING TO FARMS

Aloha Legislators:

I am in strong support of [HB1417](#) because it will help incentivize young people in our state to go into farming. Hawai‘i has the oldest farmers in the United States, and failing to encourage the next generation of farmers makes our state more dependent on imports and makes our economy less diversified.

Given that nearly eighty per-cent of Hawai‘i's farms have annual sales under \$25,000, creating a tax exclusion for the first \$50,000 of income earned by farmers would offer financial relief to existing farmers and encourage more young people to pursue careers in farming.

I thank the committee for hearing this bill and urge its passage by considering the profound impact encouraging more local food production would have for our state's economy and food security.

Mahalo,

Antya Miller

808-342-8557

HB-1417

Submitted on: 2/10/2025 6:59:36 PM

Testimony for AGR on 2/12/2025 11:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|------------------|--------------|--------------------|---------------------------|
| Andrew Crossland | Individual | Support | Written Testimony Only |

Comments:

I STRONGLY SUPPORT this Bill to because it will incentivize young people in our state to go into farming. I urge all members of the Committee to **VOTE NO** on this Bill.

HB-1417

Submitted on: 2/10/2025 9:22:11 PM

Testimony for AGR on 2/12/2025 11:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|---------------|--------------|--------------------|---------------------------|
| Cheryl Rzonca | Individual | Support | Written Testimony Only |

Comments:

I am in support of this bill. We need to do all we can to encourage local farmers and provide food security for our state.

HB-1417

Submitted on: 2/10/2025 9:35:59 PM

Testimony for AGR on 2/12/2025 11:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|-----------------|--------------|--------------------|---------------------------|
| Cindy R Ajimine | Individual | Support | Written Testimony Only |

Comments:

I SUPPORT passage of this bill.

By attracting more young people into farming, HB1417 would reduce Hawaii's reliance on imports, diversify our economy, and increase local food production.

HB-1417

Submitted on: 2/11/2025 2:42:18 PM

Testimony for AGR on 2/12/2025 11:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|---------------|--------------|--------------------|---------------------------|
| Alexis Muller | Individual | Support | Written Testimony Only |

Comments:

Aloha Chair Kahaloa, Vice chair Kusch and committee members,

I am writing in support of HB1417 which supports local farmers and encourages youth to start farming with greater financial security and longevity. As an island nation we must move away from importing 90% of our food and pass more laws that support local food security. This bill will provide more incentives for locals to become farmers and encourage more local food production.

NO FARMERS NO FOOD.

Mahalo for your time

Alexis Muller

HB-1417

Submitted on: 2/11/2025 3:31:36 PM

Testimony for AGR on 2/12/2025 11:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|------------------|--------------|--------------------|---------------------------|
| nick boomershine | Individual | Support | Written Testimony Only |

Comments:

I think we should be supporting our farming community in better ways. This bill will give more room for relief to farmers.