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WENDY GADY  
EXECUTIVE DIRECTOR

STATE OF HAWAII  
**AGRIBUSINESS DEVELOPMENT CORPORATION**  
HUI HO'OU LU AINA MAHIAI

TESTIMONY OF WENDY L. GADY  
EXECUTIVE DIRECTOR  
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE HOUSE COMMITTEE ON AGRICULTURE AND FOOD SYSTEMS  
February 12, 2025  
9:30 a.m.  
Conference Room 325 & Videoconference

HOUSE BILL NO. 92 HD1  
RELATING TO AGRICULTURE

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

Thank you for the opportunity to testify in **support** of House Bill No. 92 HD1, which includes agricultural businesses as a qualified high technology business to receive tax credits for certain research activities.

This bill seeks to provide financial incentives to reduce tax liability for agricultural businesses operating in Hawai'i. At a time when our state's agricultural industry faces various hardships, including growing consumer demand and the impacts of climate change, it is critical that we promote and encourage the use of advanced technology to overcome these challenges.

I strongly urge this committee to pass this measure and incentivize the use of agriculture technology. We support this bill provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget.

Mahalo for your time and consideration.



# HAWAII CROP IMPROVEMENT ASSOCIATION

HB92 HD1 – In Support  
Relating to Agriculture

House Committee on Agriculture & Food Systems

Date: Wednesday, February 11, 2025  
Time: 9:30 am  
Place: Conference Room 325

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

The Hawaii Crop Improvement Association (HCIA) appreciates the opportunity to provide testimony **in support of HB92 HD1**, which includes agricultural businesses as a qualified high technology business to receive tax credits for certain research activities.

HCIA believes that enhancing opportunities for agricultural businesses to offer high paying technology jobs to help the local agriculture industry flourish is worthwhile goal that the state should support. This bill is one mechanism that will assist in achieving that goal.

Mahalo for the opportunity to testify in support.

*The Hawaii Crop Improvement Association is a Hawaii-based non-profit organization that promotes modern agriculture to help farmers and communities succeed. Through education, collaboration, and advocacy, we work to ensure a safe and sustainable food supply, support responsible farming practices, and build a healthy economy.*



## HB92 HD1 – In Support Relating to Agriculture

House Committee on Agriculture & Food Systems

Date: Wednesday, February 11, 2025

Time: 9:30 am

Place: Conference Room 325

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

My name is Mark Stoutemyer and I am here with my colleague Alike Napier and collectively we manage Corteva's R&D Facilities in Hawaii. Thank you for the opportunity to submit testimony on HB92 HD1.

### **Support for Agricultural Businesses Innovation in Hawaii**

Hawaii's recent change to the R&D tax credit, limiting it to small businesses with fewer than five hundred employees, has excluded larger companies with significant R&D operations in the state. This change threatens the growth and sustainability of high-paying R&D jobs and innovation in Hawaii. We propose a legislative fix to include agricultural businesses in the definition of qualified high technology businesses, thereby extending the R&D tax credit to this vital sector.

Corteva is a leading agricultural R&D company with roots in Hawaii dating back to the late 1960's. Currently, we have several operations within the state: one in Waialua and four on Kauai. Collectively, we employ more than 225 people. Corteva utilizes modern biotechnology to develop and grow both conventional and genetically engineered seed that helps to nourish a global economy.

Corteva's activities in Hawaii include:

- **Supporting Local Farmers:** Corteva partners with local farmers and ranchers to help develop sustainable agricultural practices and increase their productivity. The company allows farmers to use Corteva's land to plant their own crops in rotation.
- **Environmental Stewardship:** Corteva is committed to protecting the environment through practices such as farming cover crops to protect soil from erosion. The company has implemented soil conservation and dust mitigation plans at all of its locations.
- **Educational Initiatives:** Corteva opens its farms for educational tours to support agriculture education through partnerships with teachers that include STEM curriculum. The company also supports the GoFarm Hawaii program, which helps train the next generation of farmers.

- **Community Commitment:** Corteva is dedicated to being a good neighbor and contributing to the local community. The company annually contributes tens of thousands of dollars to local community organizations and its employees dedicate thousands of volunteer hours to make the islands a better place.

The proposed legislative change, as outlined in House Bill 92 HD1 (HB 92 HD1), seeks to amend Section 235-110.91 of the Hawaii Revised Statutes. The amendment will redefine "qualified high technology business" to include agricultural businesses when qualified research accounts for more than fifty percent of their activities in Hawaii. This change will ensure that both small and larger businesses engaged in agricultural R&D can benefit from the tax credit.

### **Benefits of the Proposed Change**

1. **Support for High-Paying R&D Jobs:** The inclusion of agricultural businesses in the R&D tax credit will support hundreds of high-paying R&D jobs in Hawaii. These jobs are crucial for the state's economy, providing stable employment and fostering a skilled workforce.
2. **Growth of Innovation:** By extending the tax credit to larger agricultural businesses, Hawaii can continue to be a hub for innovation. This change will encourage both small and larger businesses to invest in R&D, leading to advancements in agricultural technology and practices.
3. **Economic Impact:** The proposed change will have a positive economic impact by attracting and retaining businesses in Hawaii. This will lead to increased investment in the state's R&D sector, driving economic growth and competitiveness.
4. **Alignment with National Trends:** The change to limit the R&D credit to small businesses is an outlier among the states. While some states provide enhanced benefits to small businesses, Hawaii may be the only state that incorporates the federal R&D credit but excludes larger businesses entirely. The proposed change aligns with national trends that recognize the importance of R&D in driving economic growth and innovation. Most states and countries provide incentives to attract and retain R&D jobs regardless of the size of the employer, and Hawaii should not be an exception.

The proposed legislative change to include agricultural businesses in Hawaii's R&D tax credit is essential for supporting high-paying R&D jobs, fostering innovation, and driving economic growth. We urge the Hawaii Legislature to pass HB92 HD1 and ensure that both small and larger businesses can benefit from this important tax credit.

Thank you again for the opportunity to testify on HB92. We ask for your favorable consideration and passage of the legislation.

Sincerely,  
Mark Stoutemyer  
Hawaii Research Center Lead

Alika Napier  
Waialua Production Manager