

STAND. COM. REP. NO.

1605

Honolulu, Hawaii

APR 04 2023

RE: H.B. No. 607
H.D. 2
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 607, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to facilitate food production in the State.

Specifically, this measure establishes an income tax credit for transportation costs incurred by certain taxpayers who ship produce and agricultural goods between counties.

Your Committee received written comments in support of this measure from Good Food Movement; Green Islands Acres LLC; Hawaii Cattlemen's Council; Hawaii Food Industry Association; Kanalani Ohana Farm; Maui Chamber of Commerce; Naike LLC; Ulupono Initiative; Wakefield and Sons, Inc.; and twenty-three individuals.

Your Committee received written comments on this measure from the Department of Taxation, Hawaii Alliance for Progressive Action, Hawaii Farm Bureau, Hawaii Farmers Union United, Tax Foundation of Hawaii, and one individual.



Your Committee finds that the high cost of interisland transportation impedes market access of food producers in Hawaii. Your Committee notes that the United States Department of Agriculture administers a reimbursement transportation cost payment program for geographically disadvantaged farmers and ranchers, including farmers and ranchers in Hawaii and the Pacific, which helps to offset a portion of the cost of transporting and producing agricultural products. Your Committee believes that providing a similar state incentive will reduce farming costs and facilitate an increase in local food production.

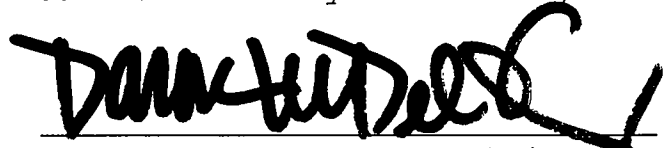
Your Committee has amended this measure by:

- (1) Replacing the term "producer" with "qualified taxpayer;"
- (2) Clarifying the costs that may be used to claim the tax credit;
- (3) Providing that the Department of Agriculture shall certify the amount of the tax credit that may be claimed by a taxpayer;
- (4) Clarifying the administration of the aggregate cap amount of the tax credit;
- (5) Deleting language inapplicable to nonrefundable income tax credits;
- (6) Clarifying that a taxpayer must be located in the State in order to qualify for the tax credit;
- (7) Specifying that the measure shall apply to taxable years beginning after December 31, 2023; and
- (8) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 607, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 607, H.D. 2, S.D. 2.



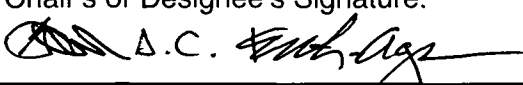
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB 607 HD2 SD1	Committee Referral: AEN, WAM	Date: 3/31/23		
<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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.				X
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	12			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes