

STAND. COM. REP. NO.

2966

Honolulu, Hawaii

MAR 19 2018

RE: H.B. No. 2462  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred H.B. No. 2462, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAX EXEMPTION,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a statewide general excise tax exemption for the gross proceeds arising from the sale of farm equipment and machinery to certain producers of agricultural products.

Your Committee received testimony in support of this measure from the Department of Agriculture; Larry Jefts Farms, LLC; Land Use Research Foundation; Hawaii Crop Improvement Association; Hawai'i Farm Bureau; Maui County Farm Bureau; Hawaii Cattlemen's Council, Inc.; O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i; and Ho'omanapono Political Action Committee. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that farm equipment and machinery are costly to the average farmer, who typically earns an average of only \$35,000 annually. This measure seeks to provide some financial relief to Hawaii's farmers.

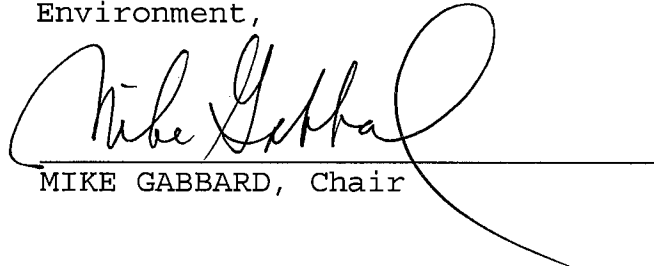
Your Committee has amended this measure by:



- (1) Clarifying that the maximum gross income that a producer may earn to be eligible for the exemption shall be evidenced by the producer's income tax return for the previous taxable year;
- (2) Clarifying that items intended for sale in the ordinary course of business, which are excluded from the definition of "farm equipment and machinery", are items purchased for the purpose of resale;
- (3) Deleting language that would have allowed the Director of Taxation to adopt administrative rules setting a time limitation for the exemptions;
- (4) Changing the effective date to July 1, 2018; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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 H.B. No. 2462, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2462, H.D. 1, 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  
 Twenty-Ninth Legislature  
 State of Hawai'i

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

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2462 HD1	AEN, WAM	3/12/18		
<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
GABBARD, Mike (C)	X			
RIVIERE, Gil (VC)	X			
NISHIHARA, Clarence K.	X			
RHOADS, Karl		X		
RUDERMAN, Russell E.	X			
<b>TOTAL</b>	4	1	0	0
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