

STAND. COM. REP. NO.

803

Honolulu, Hawaii

MAR 03 2017

RE: S.B. No. 803
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 803, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO FOOD SAFETY,"

begs leave to report as follows:

The purpose and intent of this measure is to promote food safety.

More specifically, this measure:

- (1) Establishes an income tax credit to assist farmers with expenses associated with compliance with the federal Food Safety Modernization Act; and
- (2) Establishes the Food Safety Modernization Act special fund.

Your Committee received written comments in support of this measure from the Department of Agriculture, Hawaii Cattlemen's Council, Hawaii Crop Improvement Association, Hawaii Farm Bureau, Hawaii Farmers and Ranchers United, Hawaii Food Manufacturers Association, Hydroponics Alternatives LLC, Maui Chamber of Commerce, Ulupono Initiative, and three individuals.

Your Committee received written comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.



Your Committee finds that the federal Food and Drug Administration has formalized stricter food safety regulations for agriculture under the recently passed Food Safety Modernization Act. Your Committee also finds that these new standards include provisions that will be burdensome and expensive for many of Hawaii's farmers. Your Committee believes that this measure will support Hawaii's agricultural industry by assisting farmers and ranchers to comply with federal food safety requirements.

Your Committee has amended this measure by:

- (1) Codifying the special fund in chapter 141, Hawaii Revised Statutes, which pertains to the Department of Agriculture, rather than chapter 235, Hawaii Revised Statutes, which pertains to the state income tax law;
- (2) Authorizing the Department of Agriculture to adopt rules under chapter 91, Hawaii Revised Statutes, related to its certification authority regarding the tax credit;
- (3) Changing the effective date to March 9, 2002, to facilitate further discussion on the measure; and
- (4) Making technical nonsubstantive amendments for the purposes of consistency, clarity, and style.

If subsequent committees choose to deliberate this measure further, your Committee recommends that they discuss whether the tax credit established by this measure should be refundable or nonrefundable, given the difficult fiscal climate. In this regard, your Committee appreciates that the measure places a \$2,000,000 aggregate cap on the amount of tax credits that may be authorized in a taxable year.

Your Committee also recommends that subsequent committees engage in discussions with the Department of Agriculture regarding the amount of general fund appropriations and additional personnel that would be necessary for the department to fulfill its certification responsibilities under the new tax credit. Your Committee notes that the Department of Agriculture has similar certification responsibilities for the important agricultural land qualified agricultural cost tax credit and the organic foods



production tax credit, codified respectively as sections 235-110.93 and 235-110.94, Hawaii Revised Statutes.

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 S.B. No. 803, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 803, S.D. 2.

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

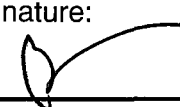


JILL N. TOKUDA, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 803, SD1	AEN, WAM	3/1/17		
<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
TOKUDA, Jill N. (C)	✓			
DELA CRUZ, Donovan M. (VC)				✓
ENGLISH, J. Kalani	✓			
GALUTERIA, Brickwood	✓			
HARIMOTO, Breene	✓			
INOUYE, Lorraine R.	✓			
KAHELE, Kaiali'i	✓			
RIVIERE, Gil	✓			
SHIMABUKURO, Maile S.L.	✓			
TANIGUCHI, Brian T.				✓
WAKAI, Glenn				✓
TOTAL	8			3
Recommendation:				
<input checked="" type="checkbox"/> Adopted		<input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes