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# A BILL FOR AN ACT

RELATING TO AGRICULTURE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. Chapter 200, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4       "§200-       Priority for aquacultural activities. (a) At  
5 all harbors and waterfront improvements belonging to or  
6 controlled by the State, aquacultural enterprises shall have  
7 priority of access over leisure crafts and houseboats; provided  
8 that this section shall not apply to commercial harbors of the  
9 State.

10       (b) For purposes of this section, "aquacultural  
11 enterprises" means persons or entities actively engaged in the  
12 propagation, cultivation, or farming of aquatic plants and  
13 animals in controlled or selected environments for commercial  
14 purposes, including stock enhancement."

15       SECTION 2. Chapter 205, Hawaii Revised Statutes, is  
16 amended by adding a new section to be appropriately designated  
17 and to read as follows:



1           "§205-       Dams and reservoirs.   All dams and related  
2 reservoir areas designated as important agricultural lands shall  
3 be eligible for inclusion in the total acreage calculation for  
4 important agricultural lands and shall qualify for incentives  
5 pursuant to section 205-46; provided that dams and reservoirs  
6 classified as important agricultural lands shall not be included  
7 in the total acreage calculation for a petition for declaratory  
8 order to designate important agricultural lands in combination  
9 with the reclassification of agricultural lands to the rural,  
10 urban or conservation district."

11           SECTION 3. Chapter 235, Hawaii Revised Statutes, is  
12 amended by adding two new sections to be appropriately  
13 designated and to read as follows:

14           "§235-A   Dam or reservoir remediation tax credit.   (a)  
15 There shall be allowed to each taxpayer subject to the tax  
16 imposed by this chapter, a credit for remediation of dams or  
17 reservoirs as directed by the department of land and natural  
18 resources, which shall be deductible from the taxpayer's net  
19 income tax liability, if any, imposed by this chapter for the  
20 taxable year in which the credit is properly claimed.

21           (b) The amount of the credit determined under this section  
22 for the taxable year shall be equal to                           per cent of the



1 cost of all remediation measures taken as directed by the  
2 department of land and natural resources.

3 (c) For purposes of this section:

4 "Dam" has the same meaning as in section 179D-3.

5 "Remediation" means any work performed or measures as  
6 directed by the department of land and natural resources;  
7 provided that remediation shall not include any measures taken  
8 pursuant to an order issued pursuant to section 179D-24(f).

9 "Reservoir" has the same meaning as in section 179D-3.

10 (d) The following costs and expenses are ineligible to be  
11 claimed for this credit:

12 (1) Costs recoverable by the department of land and  
13 natural resources pursuant to subsection 179D-24(c)  
14 for emergency measures taken by the department to  
15 protect life or property;

16 (2) Attorney's fees recoverable by the department of land  
17 and natural resources pursuant to subsection  
18 179D-24(d); and

19 (3) Costs incurred in complying with an order of the  
20 department of land and natural resources issued  
21 pursuant to subsection 179D-24(f), regardless of



1           whether the taxpayer is ultimately successful in any  
2           challenge to that order.

3           (e) A successor landowner of a remediated dam or reservoir  
4           subject to this section shall not be eligible to claim the tax  
5           credit allowed by this section.

6           (f) The credit allowed under this section shall be claimed  
7           against net income tax liability for the taxable year. A tax  
8           credit under this section that exceeds the taxpayer's income tax  
9           liability may be used as a credit against the taxpayer's income  
10          tax liability in subsequent years until exhausted.

11          (g) All claims for tax credits under this section,  
12          including any amended claims, shall be filed on or before the  
13          end of the twelfth month following the close of the taxable year  
14          for which the credits may be claimed. Failure to comply with  
15          the foregoing provision shall constitute a waiver of the right  
16          to claim the credit.

17          (h) No deduction shall be allowed for that portion of the  
18          cost of remediation paid or incurred for the taxable year that  
19          is equal to the amount of the credit determined under this  
20          section.

21          (i) The director of taxation may adopt any rules under  
22          chapter 91 and forms necessary to carry out this section.



1       §235-B Aquacultural facilities tax credit. (a) There  
2 shall be allowed to each taxpayer subject to the tax imposed by  
3 this chapter, a credit for the cost of capital investments in  
4 aquacultural facilities, which shall be deductible from the  
5 taxpayer's net income tax liability, if any, imposed by this  
6 chapter for the taxable year in which the credit is properly  
7 claimed.

8       (b) The amount of the credit determined under this section  
9 for the taxable year shall be equal to                   per cent of the  
10 amount of capital investments in aquacultural facilities.

11       (c) For purposes of this section:

12       "Aquacultural facilities" means infrastructure used in the  
13 propagation, cultivation, or farming of aquatic plants and  
14 animals in controlled or selected environments for commercial  
15 purposes or authorized stock enhancement purposes including  
16 hatcheries, on shore and off shore farms including ponds and off  
17 shore cages or nets, harvesting facilities, and processing  
18 facilities.

19       (d) A successor owner of aquacultural facilities subject  
20 to this section shall not be eligible to claim the tax credit  
21 allowed by this section.



1       (e) The credit allowed under this section shall be claimed  
2 against net income tax liability for the taxable year. A tax  
3 credit under this section that exceeds the taxpayer's income tax  
4 liability may be used as a credit against the taxpayer's income  
5 tax liability in subsequent years until exhausted.

6       (f) All claims for tax credits under this section,  
7 including any amended claims, shall be filed on or before the  
8 end of the twelfth month following the close of the taxable year  
9 for which the credits may be claimed. Failure to comply with  
10 the foregoing provision shall constitute a waiver of the right  
11 to claim the credit.

12       (g) No deduction shall be allowed for that portion of the  
13 capital investment paid or incurred for the taxable year that is  
14 equal to the amount of the credit determined under this section.

15       (h) The director of taxation may adopt any rules under  
16 chapter 91 and forms necessary to carry out this section."

17       SECTION 4. Section 201-1, Hawaii Revised Statutes, is  
18 amended by amending the definition of "agriculture" to read as  
19 follows:

20       "Agriculture" and "agricultural" mean the planting,  
21 cultivating, and harvesting of crops~~[7]~~ or aquatic life,  
22 including ~~[these se]~~ crops and aquatic life that are planted,



1 cultivated, and harvested for food, ornamental, grazing, or  
2 forest purposes [~~-. Once the~~]; provided that once crops or  
3 aquatic life are harvested and transported to a point of  
4 distribution, they cease to be agricultural [~~in the terms~~] for  
5 purposes of this part."

6 SECTION 5. In codifying the new sections added by section  
7 3 of this Act, the revisor of statutes shall substitute  
8 appropriate section numbers for the letters used in designating  
9 the new sections in this Act.

10 SECTION 6. Statutory material to be repealed is bracketed  
11 and stricken. New statutory material is underscored.

12 SECTION 7. This Act shall take effect on July 1, 2050.



**Report Title:**

Agriculture; Aquaculture; Tax Credits

**Description:**

Provides that dams and related reservoir areas designated as important agricultural lands shall be included in the total area calculation for important agricultural lands. Provides tax credits and exemptions for dam and reservoir remediation and aquacultural facilities. Grants priority to aquacultural activities at non-commercial state-owned harbors. Effective 7/1/2050. (SD2)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

