

STAND. COM. REP. NO. 3093

Honolulu, Hawaii

FEB 28 2020

RE: S.B. No. 2094
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2094 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the important agricultural land qualified agricultural cost tax credit established under section 235-110.93, Hawaii Revised Statutes.

More specifically, this measure:

- (1) Repeals the cap amounts of the tax credit; and
- (2) Extends by nine years the time period that the Department of Agriculture may certify qualified agricultural costs for purposes of claiming the credit.

Your Committee received testimony in support of this measure from the Department of Planning and Permitting of the City and County of Honolulu, Hawaii Crop Improvement Association, Hawaii Farm Bureau, Kamehameha Schools, Land Use Research Foundation of Hawaii, and Ulupono Initiative.

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



Your Committee finds that the important agricultural land qualified agricultural cost tax credit was enacted in 2008 to foster the long-term viability of agriculture production on important agricultural lands in the State. However, since 2008, very few agricultural entities have been able to utilize the tax credit due to the enormous costs associated with agricultural operations and the planning, construction, repair, and maintenance of agricultural infrastructure.

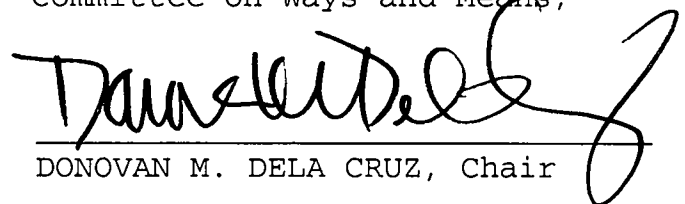
Your Committee believes it is in the State's interest to continue assisting agricultural businesses to establish and sustain viable agricultural operations on important agricultural lands by providing incentives, such as income tax credits, to promote, among other things, the development of agricultural infrastructure projects.

Your Committee has amended this measure by:

- (1) Reinstating the cap amounts of the tax credit as unspecified amounts;
- (2) Changing to unspecified amounts the percentage of qualified agricultural costs that may be claimed as a credit; and
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

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. 2094, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2094, S.D. 1, and be placed on the calendar for Third Reading.

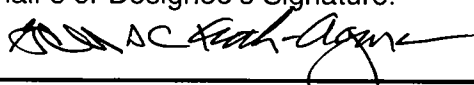
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* <i>SB 2094</i>	Committee Referral: <i>WAM</i>	Date: <i>2/26/20</i>		
<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			
ENGLISH, J. Kalani				X
HARIMOTO, Breene				X
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i				X
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.	X			
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.				X
FEVELLA, Kurt	X			
TOTAL	<i>9</i>			<i>4</i>
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