
A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

1 SECTION 1. The Hawaii Constitution mandates that the State
2 "conserve and protect agricultural lands." Act 183, Session
3 Laws of Hawaii 2005, which provided for the designation of
4 important agricultural lands, directed the department of
5 agriculture to develop a program of incentives to promote
6 agricultural viability.

7 The incentives program developed for important agricultural
8 lands included a tax credit for "qualified agricultural costs,"
9 such as costs incurred for feasibility studies, plans, and
10 design of facilities and infrastructure, equipment for
11 agricultural purposes, and regulatory processing and consulting
12 services. It did not include any incentive for the conservation
13 and protection of agricultural lands.

14 The purpose of this Act is to amend the important
15 agricultural land qualified agricultural cost tax credit to
16 include as "qualified agricultural costs," measures to improve,



H.B. NO. 261

1 enhance, and restore former plantation lands for agricultural
2 use.

3 SECTION 2. Section 235-110.93, Hawaii Revised Statutes, is
4 amended by amending subsections (k) and (l) to read as follows:

5 "(k) As used in this section:

6 "Agricultural business" means any person with a commercial
7 agricultural, silvicultural, or aquacultural facility or
8 operation, including:

9 (1) The care and production of livestock and livestock
10 products, poultry and poultry products, apiary
11 products, and plant and animal production for nonfood
12 uses;

13 (2) The planting, cultivating, harvesting, and processing
14 of crops; and

15 (3) The farming or ranching of any plant or animal species
16 in a controlled salt, brackish, or freshwater
17 environment;

18 provided that the principal place of the agricultural business
19 is maintained in the State and more than fifty per cent of the
20 land the agricultural business owns or leases, excluding land
21 classified as conservation land, is important agricultural land.



H.B. NO. 261

1 "Important agricultural lands" means lands identified and
2 designated as important agricultural lands pursuant to part III
3 of chapter 205.

4 "Net income tax liability" means income tax liability
5 reduced by all other credits allowed under this chapter.

6 "Qualified agricultural costs" means expenditures for:

7 (1) The plans, design, engineering, construction,
8 renovation, repair, maintenance, and equipment for:

9 (A) Roads or utilities, primarily for agricultural
10 purposes, where the majority of the lands
11 serviced by the roads or utilities, excluding
12 lands classified as conservation lands, are
13 important agricultural lands;

14 (B) Agricultural processing facilities in the State,
15 primarily for agricultural purposes, where the
16 majority of the crops or livestock processed,
17 harvested, treated, washed, handled, or packaged
18 are from agricultural businesses;

19 (C) Water wells, reservoirs, dams, water storage
20 facilities, water pipelines, ditches, or
21 irrigation systems in the State, primarily for



H.B. NO. 261

1 agricultural purposes, providing water for lands,
2 the majority of which, excluding lands classified
3 as conservation lands, are important agricultural
4 lands; and

5 (D) Agricultural housing in the State, exclusively
6 for agricultural purposes; provided that:

7 (i) The housing units are occupied solely by
8 farmers or employees for agricultural
9 businesses and their immediate family
10 members;

11 (ii) The housing units are owned by the
12 agricultural business;

13 (iii) The housing units are in the general
14 vicinity, as determined by the department of
15 agriculture, of agricultural lands owned or
16 leased by the agricultural business; and

17 (iv) The housing units conform to any other
18 conditions that may be required by the
19 department of agriculture;



H.B. NO. 261

1 (2) Feasibility studies, regulatory processing, and legal
2 and accounting services related to the items under
3 paragraph (1);

4 (3) Equipment, primarily for agricultural purposes, used
5 to cultivate, grow, harvest, or process agricultural
6 products by an agricultural business; ~~and~~

7 (4) Regulatory processing, studies, and legal and other
8 consultant services related to obtaining or retaining
9 sufficient water for agricultural activities and
10 retaining the right to farm on lands identified as
11 important agricultural lands ~~[-]~~; and

12 (5) The clearing of, removal of trees and debris from, and
13 soil restoration to correct any nutrient deficiency
14 that is present on, former sugar and pineapple
15 plantation lands that have been out of agricultural
16 use for more than five years and are to be used
17 primarily for agricultural purposes.

18 (1) The department of agriculture shall cease certifying
19 credits pursuant to this section for taxable years beginning
20 after December 31, ~~[2021,]~~ 2029; provided that a taxpayer with
21 accumulated, but unclaimed, certified credits may continue



H.B. NO. 261

1 claiming the credits in subsequent taxable years until
2 exhausted."

3 SECTION 3. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 4. This Act, upon its approval, shall apply to
6 taxable years beginning after December 31, 2019.

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H.B. NO. 261

Report Title:

Important Agricultural Land Qualified Agricultural Cost Tax Credit; Qualified Agricultural Costs; Extension

Description:

Clarifies definition of "qualified agricultural costs." Extends through the 2029 taxable year the time in which the Department of Agriculture may certify important agricultural lands qualified agricultural cost tax credits. Applies to taxable years beginning after 12/31/2019.

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