S.B. NO. 3090

A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

SECTION 1. The legislature finds that the State has a goal to double local food production by 2030. While the State currently imports eighty-five to ninety per cent of its food, fuel, and fiber, agriculture was once Hawaii's number one industry, creating agricultural abundance, peace, and prosperity for its people.

The legislature further finds that one of the barriers to growing more food and increasing agricultural production in Hawaii is the lack of access to capital. There is limited to no incentive for investors to invest in Hawaii's agricultural production, which would help support and revitalize Hawaii's agriculture industry. According to the department of business, economic development, and tourism, replacing just ten per cent of the food we currently import would amount to approximately $313,000,000. Assuming a thirty per cent farm share, $94,000,000 would be realized at the farm-gate, which would generate an economy-wide impact of an additional $188,000,000 in
sales, $47,000,000 in earnings, $6,000,000 in state tax revenues, and more than two thousand three hundred jobs.

The purpose of this Act is to establish an agricultural production tax credit to allow Hawaii to become a world leader in food security, self-sufficiency, and sustainability.

SECTION 2. Chapter 235, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§235- Agricultural production tax credit. (a) There shall be allowed to each qualified taxpayer subject to the tax imposed under this chapter an income tax credit that shall be deductible from the taxpayer's net income tax liability, if any, imposed by this chapter for the taxable year in which the credit is properly claimed.

(b) The amount of the tax credit shall be equal to the qualified expenses of the qualified taxpayer, up to a maximum of $_______.

(c) In the case of a partnership, S corporation, estate, or trust, the tax credit allowable shall be for qualified expenses incurred by the entity for the taxable year. The expenses upon which the tax credit is computed shall be
determined at the entity level. Distribution and share of
credit shall be determined by rule.

(d) The total amount of tax credits allowed under this
section shall not exceed $__________ for all qualified taxpayers
in any taxable year; provided that any taxpayer who is not
eligible to claim the credit in a taxable year due to the
$__________ cap having been exceeded for that taxable year shall
be eligible to claim the credit in the subsequent taxable year.

(e) Every qualified taxpayer, before March 31 of each year
in which qualified expenses were incurred by the taxpayer in the
previous taxable year, shall submit a written, certified
statement to the chairperson of the board of agriculture
identifying:

(1) Qualified expenses incurred in the previous taxable
    year; and

(2) The amount of the tax credit claimed by the taxpayer
    pursuant to this section, if any, in the previous
    taxable year.

(f) The board of agriculture shall:

(1) Maintain records of the names and addresses of the
    qualified taxpayers claiming the credits under this
section and the total amount of the qualified expenses 
upon which the tax credits are based;

(2) Verify the nature and amount of the qualified 
expenses;

(3) Total all qualified and cumulative expenses that the 
board certifies; and

(4) Certify the amount of the tax credit for each taxpayer 
for each taxable year and the cumulative amount of the 
tax credit.

Upon each determination made under this subsection, the board of 
agriculture shall issue a certificate to the taxpayer verifying 
information submitted to the board of agriculture, including 
amounts of qualified expenses, the credit amount certified for 
the taxpayer for each taxable year, and the cumulative amount of 
tax credits certified. The taxpayer shall file the certificate 
with the taxpayer's tax return with the department of taxation. 
The board of agriculture may assess and collect a fee to offset 
the costs of certifying tax credit claims under this section.

(g) The director of taxation:

(1) Shall prepare any forms that may be necessary to claim 
a tax credit under this section;
(2) May require the taxpayer to furnish reasonable information to ascertain the validity of the claim for the tax credit made under this section; and

(3) May adopt rules under chapter 91 necessary to effectuate the purposes of this section.

(h) If the tax credit under this section exceeds the taxpayer's net income tax liability, the excess of the credit over liability may be used as a credit against the taxpayer's net income tax liability in subsequent years until exhausted. All claims for the tax credit under this section, including amended claims, shall be filed on or before the end of the twelfth month following the close of the taxable year for which the credit may be claimed. Failure to comply with the foregoing provision shall constitute a waiver of the right to claim the credit.

(i) As used in this section, "net income tax liability" means income tax liability reduced by all other credits allowed under this chapter."

SECTION 3. New statutory material is underscored.
SECTION 4. This Act, upon its approval, shall apply to taxable years beginning after December 31, 2019.

INTRODUCED BY: [Signature]
Report Title:
Agricultural Production Tax Credit

Description:
Establishes an agricultural production tax credit.

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