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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. This Act shall be known as the New Directions  
2 for Diversified Agriculture Act.

3 SECTION 2. Chapter 167, Hawaii Revised Statutes, is  
4 amended by adding a new section to be appropriately designated  
5 and to read as follows:

6 **"§167- Irrigation repair and maintenance special fund.**

7 (a) There is established in the state treasury the irrigation  
8 repair and maintenance special fund that shall be administered  
9 by the board.

10 (b) Moneys in the irrigation repair and maintenance  
11 special fund shall be used to fund repair and maintenance of the  
12 following irrigation systems:

13 (1) East Kauai irrigation system;

14 (2) Kekaha ditch;

15 (3) Kokee ditch;

16 (4) Maui Land/Pioneer Mill irrigation system;

17 (5) Waiahole ditch;

18 (6) Lower Hamakua irrigation system;



- 1        (7) Molokai irrigation system;
- 2        (8) Upcountry Maui irrigation system;
- 3        (9) Waimanalo irrigation system;
- 4        (10) Waimea irrigation system;
- 5        (11) East Maui irrigation system;
- 6        (12) Kauai coffee irrigation system;
- 7        (13) West Maui irrigation system;
- 8        (14) Kau irrigation system;
- 9        (15) Honomalino irrigation system;
- 10       (16) Wahiawa reservoir and ditch system; and
- 11       (17) Other privately-owned irrigation systems on former
- 12       sugarcane and pineapple plantation lands that have
- 13       been converted to diversified agriculture.
  
- 14       (c) The irrigation repair and maintenance special fund
- 15       shall be funded by legislative appropriations, including general
- 16       obligation bond funds and federal funds.
  
- 17       (d) Landowners may apply for funding assistance from the
- 18       irrigation repair and maintenance special fund; provided that
- 19       the landowner:
  
- 20       (1) Provides matching funding equal to the amount received
- 21       from the irrigation repair and maintenance special
- 22       fund;



1       (2) Agrees to file a petition for declaratory ruling  
2       pursuant to section 205-45 designating a majority of  
3       all land served by the water produced by the  
4       irrigation system as important agricultural lands as  
5       defined under section 205-42 and notifies the board  
6       and county of the petition and designation for the  
7       purpose of inclusion on maps; and

8       (3) Agrees to use, or provide for the use of, all lands  
9       owned or controlled by the landowner and served by the  
10      water produced by the irrigation system for  
11      agricultural production.

12      The board shall develop processes, policies, standards, and  
13      criteria for selecting the landowners that are to receive  
14      funding and the amount of such funding. The board shall also  
15      develop processes, policies, standards, and criteria for  
16      determining the amount of funding provided to irrigation systems  
17      in subsection (b) owned by the State.

18      (e) Landowners who apply for and receive funding from the  
19      irrigation repair and maintenance special fund, and who provide  
20      matching funding under subsection (d) (1), may apply for an  
21      income tax credit for their matching funds as specified under  
22      section 235- .



1        (f) As used in this section:

2        "Diversified agriculture" means agricultural operations  
3 that produce diversified agricultural products, including  
4 flowers, nursery products, vegetables, herbs, melons, seed  
5 crops, macadamia nuts, aquaculture, coffee, milk, cattle, eggs,  
6 hogs, and fruit.

7        "Irrigation system" means the agricultural system of  
8 intakes, diversions, wells, ditches, siphons, pipes, reservoirs,  
9 and accessory facilities established to provide water for  
10 agricultural production.

11        "Landowner" means a private entity that:

12        (1) Owns agricultural land, formerly used as a sugarcane  
13 or pineapple plantation, that contains a privately-  
14 owned irrigation system that is necessary for the  
15 sustained production of diversified agriculture on the  
16 land served by the irrigation system; or

17        (2) Owns, or partially owns, an irrigation system listed  
18 in subsection (b)(1) through (17)."

19        SECTION 3. Chapter 235, Hawaii Revised Statutes, is  
20 amended by adding a new section to be appropriately designated  
21 and to read as follows:



1           "§235-    Irrigation repair and maintenance special fund  
2 tax credit. (a) Pursuant to section 167- (e), there shall be  
3 allowed to each qualified taxpayer, subject to the taxes imposed  
4 by this chapter, an income tax credit that shall be deductible  
5 from the taxpayer's net income tax liability, if any, imposed by  
6 this chapter for the taxable year in which the credit is  
7 properly claimed.

8           The amount of the credit shall be equal to the amount of  
9 matching funds provided by the qualified taxpayer in obtaining  
10 funding from the irrigation repair and maintenance special fund,  
11 as specified in section 167- (d) (1); provided that:

- 12           (1) The amount of the credit shall not exceed \$1 per year  
13           in the aggregate for all qualified taxpayers;
- 14           (2) The amount of the credit shall not exceed \$1 in the  
15           aggregate for all qualified taxpayers for all taxable  
16           years; and
- 17           (3) The tax credit shall be available for matching fund  
18           costs incurred after December 31, 2005, and before  
19           January 1, 2026.

20           In the case of a partnership, S corporation, estate, or  
21 trust, the cost upon which the tax credit is computed shall be



1 determined at the entity level. Distribution and share of  
2 credit shall be determined pursuant to section 235-110.7(a).

3 If a deduction is taken under Section 179 (with respect to  
4 election to expense depreciable business assets) of the Internal  
5 Revenue Code, no tax credit shall be allowed for that portion of  
6 the construction or renovation cost for which the deduction is  
7 taken.

8 The basis of eligible property for depreciation or  
9 accelerated cost recovery system purposes for state income taxes  
10 shall be reduced by the amount of credit allowable and claimed.  
11 In the alternative, the qualified taxpayer shall treat the  
12 amount of the credit allowable and claimed as a taxable income  
13 item for the taxable year in which it is properly recognized  
14 under the method of accounting used to compute taxable income.

15 (b) If the tax credit under this section exceeds the  
16 qualified taxpayer's income tax liability, the excess of credit  
17 over liability may be used as a credit against the qualified  
18 taxpayer's income tax liability in subsequent years until  
19 exhausted.

20 All claims for a tax credit under this section shall be  
21 filed on or before the end of the twelfth month following the  
22 close of the taxable year for which the credit may be claimed.



1 Failure to comply with the foregoing provision shall constitute  
2 a waiver of the right to claim the credit.

3 (c) The director of taxation shall prepare any forms that  
4 may be necessary to claim a credit under this section. The  
5 director of taxation may also require the qualified taxpayer to  
6 furnish information to determine the validity of the claim for  
7 credit made under this section and may adopt rules necessary to  
8 effectuate the purposes of this section pursuant to chapter 91.

9 (d) To qualify for the income tax credit, the qualified  
10 taxpayer shall be in compliance with all applicable federal,  
11 state, and county statutes, rules, and regulations.

12 (e) No qualified taxpayer that claims a credit under this  
13 section shall claim any other tax credit for the same costs for  
14 which a credit is claimed under this section.

15 (f) No later than March 31 of each year following the year  
16 in which the cost of matching funds provided by the qualified  
17 taxpayer in obtaining funding from the irrigation repair and  
18 maintenance special fund were incurred, each qualified taxpayer  
19 claiming the tax credit shall submit a written, notarized  
20 statement to the director of taxation identifying the matching  
21 fund costs incurred in the year being claimed.



1       (g) The department, with the assistance of the board of  
2 agriculture, shall maintain records of the names of qualified  
3 taxpayers eligible for the credit and the total amount of  
4 eligible costs incurred in each taxable year by each qualified  
5 taxpayer. The department, with the assistance of the board of  
6 agriculture, shall compile all eligible matching fund costs and,  
7 upon each determination, shall issue a certificate to the  
8 taxpayer pursuant to subsection (h) indicating:

9       (1) The amount of matching fund costs eligible for the tax  
10 credit;

11       (2) The amount of the tax credit that the qualified  
12 taxpayer may use for the tax year in which the costs  
13 were incurred; and

14       (3) The amount of previous tax credits the qualified  
15 taxpayer may carry forward.

16       (h) The department shall certify no more than \$1 in  
17 credits in the aggregate, including carryforward amounts, for  
18 all qualified taxpayers for each taxable year; provided that if  
19 the total amount claimed on all statements in the aggregate,  
20 including carryforward amounts, filed by March 31 for the  
21 previous tax year amounts to:





1        (1) \$1 or less, the department shall certify all claims;

2                and

3        (2) More than \$1, the department shall certify claims for

4                each qualified taxpayer in an amount proportional to

5                the total amount claimed.

6        The department shall certify no more than \$1 in credits,

7        including carryforward amounts, in the aggregate for all

8        qualified taxpayers for all taxable years.

9                (i) As used in this section "qualified taxpayer" means the

10        same as "landowner" under section 167- (f)."

11                SECTION 4. The director of finance is authorized to issue  
12 general obligation bonds in the sum of \$1, or so much thereof as  
13 may be necessary, and the same sum or so much thereof as may be  
14 necessary is appropriated for fiscal year 2006-2007, to be  
15 deposited into the irrigation repair and maintenance special  
16 fund and used for the repair and maintenance of the irrigation  
17 systems specified under section 167- (b), Hawaii Revised  
18 Statutes; provided that \$1 in federal matching funds are also  
19 deposited into the irrigation repair and maintenance special  
20 fund.

21                The sum appropriated shall be expended by the department of  
22 budget and finance for the purposes of this Act.



1 SECTION 5. There is appropriated out of the irrigation  
 2 repair and maintenance special fund the sum of \$1, or so much  
 3 thereof as may be necessary for fiscal year 2006-2007, to be  
 4 expended for the repair and maintenance of the irrigation  
 5 systems specified under section 167- (b), Hawaii Revised  
 6 Statutes.

7 The sum appropriated shall be expended by the board of  
 8 agriculture for the purposes of this Act.

9 SECTION 6. There is appropriated out of the general  
 10 revenues of the State of Hawaii the sum of \$1, or so much  
 11 thereof as may be necessary for fiscal year 2006-2007, for  
 12 repair and maintenance of irrigation systems as follows:

- 13 (1) \$1 for the East Kauai irrigation system;
- 14 (2) \$1 for the Waimanalo irrigation system;
- 15 (3) \$1 for the Molokai irrigation system;
- 16 (4) \$1 for the Waimea irrigation system; and
- 17 (5) \$1 for the Lower Hamakua irrigation system.

18 The sum appropriated shall be expended by the board of  
 19 agriculture for the purposes of this Act.

20 SECTION 7. There is appropriated out of the general  
 21 revenues of the State of Hawaii the sum of \$1, or so much  
 22 thereof as may be necessary for fiscal year 2006-2007, for



1 operational, management, and administrative costs incurred by  
2 the board of agriculture in carrying out the provisions of this  
3 Act.

4 The sum appropriated shall be expended by the board of  
5 agriculture for the purposes of this Act.

6 SECTION 8. The appropriation made for the capital  
7 improvement irrigation repair and maintenance projects  
8 authorized in this Act shall not lapse at the end of the fiscal  
9 year for which the appropriation is made; provided that all  
10 moneys from the appropriation unencumbered as of June 30, 2008,  
11 shall lapse as of that date.

12 SECTION 9. New statutory material is underscored.

13 SECTION 10. This Act shall take effect on July 1, 2006.



**Report Title:**

Irrigation Repair and Maintenance Special Fund; Tax Credit

**Description:**

Establishes the irrigation repair and maintenance special fund.  
Establishes a tax credit for matching funds provided by  
landowners who receive funding from the special fund.  
Appropriates funds for various irrigation systems and for the  
special fund. (SD2)



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# A BILL FOR AN ACT

MAKING AN APPROPRIATION TO ERADICATE AND CONTROL THE COQUI FROG.

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

1           SECTION 1. The legislature finds that the State has become  
2 infested by the Caribbean tree frog (*eleutherodactylus coqui*) or  
3 more commonly known as coqui frogs, since their accidental  
4 introduction on the island of Hawaii in the early 1990s. In  
5 early 1992, there were only sporadic sightings of coqui frogs.  
6 In 1998, there were eight reported sites. In 2001, over eighty-  
7 five sites were documented and another sixty-five occurrences  
8 that were undocumented. Now there are over one hundred fifty  
9 established specific sites on the island of Hawaii alone.

10           In their native habitat in Puerto Rico, coqui frog  
11 populations can reach densities greater than eight thousand  
12 frogs per acre and consume an estimated 47,500 preys per night.  
13 Because Hawaii is similar in climate to Puerto Rico, it is  
14 estimated that the coqui frog population on the island of Hawaii  
15 could reach ten times the reported amount in the native forests  
16 of Puerto Rico because Hawaii does not have any of the coqui  
17 frog's natural predators. The infestation of coqui frogs is in  
18 such concentrations that the sounds they emit have been measured



1 at sustained levels exceeding the department of health's maximum  
2 permissible sound level of 70 decibels. The coqui frog  
3 unreasonably interferes with the comfortable enjoyment of life  
4 and property and has become a threat to human health.

5 The coqui frog was declared an agricultural pest on  
6 September 27, 2001, making shipments of plants infested with  
7 coqui frogs subject to quarantine pursuant to chapter 150A,  
8 Hawaii Revised Statutes, and sections 4-72-3 and 4-72-4, Hawaii  
9 Administrative Rules. The coqui frog has the potential to  
10 negatively impact sales of Hawaii's floriculture industry that  
11 totaled \$61,187,000 in 2002.

12 In response to this threat on the island of Hawaii, the  
13 mayor of the county of Hawaii issued a Declaration of Emergency  
14 in February, 2004. The county of Hawaii, department of  
15 agriculture, University of Hawaii at Hilo, University of Hawaii  
16 at Manoa, United States Department of Agriculture's Wildlife  
17 Services Division and the National Wildlife Research Center have  
18 formed the coqui frog working group and have produced the coqui  
19 frog working group incident action plan to combat this invasive  
20 specie. This plan focuses on three primary areas: eradication  
21 and control, research, and community education and support.



1 To this eradication effort, the county of Hawaii has  
2 contributed \$1,000,000, the State has contributed \$100,000, and  
3 the federal government has contributed \$200,000. The  
4 legislature finds that:

5 (1) A greater level of State aid is needed to deal with a  
6 problem that has not been effectively dealt with for  
7 over a decade;

8 (2) The coqui frog invasion is not limited to the county  
9 of Hawaii and should be addressed in all counties; and

10 (3) With proper legislative funding, increased control,  
11 research, and community education, the coqui frog  
12 eradication efforts will bring a reduction in the  
13 economic, environmental, and public health threats  
14 posed by the coqui frog.

15 SECTION 2. There is appropriated out of the general  
16 revenues of the State of Hawaii the sum of \$1, or so much  
17 thereof as may be necessary for fiscal year 2006-2007, for a  
18 grant-in-aid to the county of Hawaii for the support and  
19 implementation of the coqui frog working group incident action  
20 plan.

21 SECTION 3. The sum appropriated in section 2 shall be  
22 expended by the county of Hawaii for the purposes of this Act.



1 SECTION 4. There is appropriated out of the general  
2 revenues of the State of Hawaii the sum of \$1, or so much  
3 thereof as may be necessary for fiscal year 2006-2007, for a  
4 grant-in-aid to eradicate and control the coqui frog in the  
5 county of Maui.

6 SECTION 5. The sum appropriated in section 4 shall be  
7 expended by the county of Maui for the purposes of this Act.

8 SECTION 6. There is appropriated out of the general  
9 revenues of the State of Hawaii the sum of \$1, or so much  
10 thereof as may be necessary for fiscal year 2006-2007, for a  
11 grant-in-aid to eradicate and control the coqui frog in the  
12 county of Kauai.

13 SECTION 7. The sum appropriated in section 6 shall be  
14 expended by the county of Kauai for the purposes of this Act.

15 SECTION 8. There is appropriated out of the general  
16 revenues of the State of Hawaii the sum of \$1, or so much  
17 thereof as may be necessary for fiscal year 2006-2007, for a  
18 grant-in-aid to eradicate and control the coqui frog in the city  
19 and county of Honolulu.

20 SECTION 9. The sum appropriated in section 8 shall be  
21 expended by the city and county of Honolulu for the purposes of  
22 this Act.





**1** SECTION 10. This Act shall take effect on July 1, 2050.



HB2763,SD2

**Report Title:**

Appropriation; Invasive Species; Coqui Frog

**Description:**

Makes appropriations to eradicate and control the coqui frog.  
(SD2)

