

STAND. COM. REP. NO.

3022

Honolulu, Hawaii

MAR 22 2006

RE: H.B. No. 2147
H.D. 1
S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Water, Land, and Agriculture, to which was referred H.B. No. 2147, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO DROUGHT MITIGATING WATER STORAGE FACILITIES,"

begs leave to report as follows:

The purpose of this measure is to extend the drought mitigating water storage facilities tax credit, which expired on December 31, 2005, to December 31, 2010.

Testimony in support of this measure was submitted by C&H Farms, the Hawaii Agriculture Research Center, the Hawaii Crop Improvement Association, the Hawaii Farm Bureau, the Maui County Farm Bureau, Meadow Gold Dairies, and the Pineapple Growers Association of Hawaii. Comments were also submitted by the Department of Agriculture, the Department of Land and Natural Resources, the Department of Taxation, and the Tax Foundation of Hawaii.

Your Committee finds that farmers and ranchers suffer great losses to their crops and livestock during periods of drought. These losses often take farmers and ranchers years to recover. However, these losses can be minimized by the construction of water storage facilities to alleviate water problems during times of drought.



Your Committee has amended this measure by replacing its contents with S.B. No. 1880, S.D. 1, which promotes the construction of water storage facilities by:

- (1) Increasing the tax credit amount from four percent to twenty percent; and
- (2) Extending the tax credit to December 31, 2008 and making the bill effective on approval.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2147, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2147, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Water, Land, and
Agriculture,



RUSSELL S. KOKUBUN, Chair



