

STAND. COM. REP. NO. 1015

Honolulu, Hawaii

March 2, 2007

RE: H.B. No. 1639
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1639, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO IMPORTANT AGRICULTURAL LANDS,"

begs leave to report as follows:

The purpose of this bill is to encourage owners of qualifying agricultural lands to have their lands designated as important agricultural lands (IALs) by providing tax benefits for owners who lease their IALs. Specifically this bill:

- (1) Excludes rental income derived from qualifying agricultural leases on lands identified and designated as IALs from gross income, adjusted gross income, and taxable income, under the income tax law;
- (2) Exempts rental income derived from qualifying agricultural leases on lands identified and designated as IALs from the general excise tax; and
- (3) Appropriates funds for the Department of Agriculture (DOA) to assess the impact of the income tax exclusion of rental income derived from IALs provided for in this bill and requires DOA to submit an annual report regarding the assessment.

DOA supported this bill. The Department of Taxation and the Tax Foundation of Hawaii submitted comments.

HB1639 HD2 HSCR FIN HMS 2007-2705

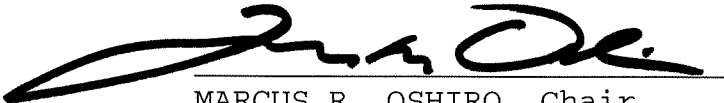


Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2020, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1639, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1639, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



MARCUS R. OSHIRO, Chair



HS CR 1015

State of Hawaii
House of Representatives
The Twenty-fourth Legislature

Record of Votes of the Committee on Finance

| | |
|--|---|
| Bill/Resolution No.: <i>HB 1639 HD1</i> | Date: <i>2/26/07</i> |
| Committee Referral: <i>AGR/WLH, FIN</i> | <input type="checkbox"/> The committee is reconsidering its previous decision on the measure. |
| The recommendation is to: <input type="checkbox"/> Pass, unamended <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Hold <input type="checkbox"/> Pass, with amendments, for recommittal for further consideration | |

| FIN Members | Ayes | Ayes (WR) | Nays | Excused |
|---------------------------|-----------|-----------|----------|----------|
| 1. OSHIRO, Marcus R. (C) | ✓ | | | |
| 2. LEE, Marilyn B. (VC) | ✓ | | | |
| 3. BELATTI, Della Au | ✓ | | | |
| 4. BROWER, Tom | ✓ | | | |
| 5. CARROLL, Mele | ✓ | | | |
| 6. CHONG, Pono | ✓ | | | |
| 7. HANOHANO, Faye P. | . | | | ✓ |
| 8. HAR, Sharon E. | ✓ | | | |
| 9. MAGAOAY, Michael Y. | ✓ | | | |
| 10. MANAHAN, Joey | ✓ | | | |
| 11. MIZUNO, John | ✓ | | | |
| 12. NAKASONE, Bob | ✓ | | | |
| 13. RHOADS, Karl | ✓ | | | |
| 14. SAGUM, Roland D., III | ✓ | | | |
| 15. TOKIOKA, James Kunane | ✓ | | | |
| 16. AWANA, Karen Leinani | ✓ | | | |
| 17. MEYER, Colleen Rose | . | | | ✓ |
| 18. WARD, Gene, Ph.D. | . | | | ✓ |
| TOTAL | <i>15</i> | <i>0</i> | <i>0</i> | <i>3</i> |

The recommendation is: Adopted
 Not Adopted

If joint referral, _____ did not support recommendation.
 committee acronym(s)

May 3. Lee

Vice Chair's or designee's signature:

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