

Honolulu, Hawaii

March 20, 2008

RE: S.B. No. 2198
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committees on Water, Land, Ocean Resources & Hawaiian Affairs and Agriculture, to which was referred S.B. No. 2198, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO LAND CONSERVATION,"

beg leave to report as follows:

The purpose of this bill is to encourage the protection and preservation of land in the state by establishing a Land Conservation Incentives Tax Credit (Tax Credit). Specifically, this bill allows taxpayers to deduct:

- (1) 50 percent of the value of the interest in lands donated in perpetuity for conservation purposes to the State or a conservation agency; or
- (2) 50 percent of the amount invested in the management of lands for conservation purposes under a land protection agreement,

up to \$2,500,000, from their net income tax liability. This bill also authorizes the holder of an interest in agricultural lands that qualifies for the Tax Credit to petition to have the agricultural lands designated as important agricultural lands and qualify for important agricultural lands incentives under Section 205-46, Hawaii Revised Statutes.



The Nature Conservancy of Hawaii, The Trust for Public Land, Maui Land & Pineapple Company, Inc., and a concerned individual testified in support of this bill. The Office of Planning, Department of Land and Natural Resources, and Hawaii Agriculture Research Center supported the intent of this measure. Hawaii Building and Construction Trades Council, AFL-CIO, opposed this bill. The Department of Taxation, Department of Agriculture, and Tax Foundation of Hawaii provided comments.

Upon careful consideration, your Committees have amended this bill by replacing its contents with the language of House Bill No. 2518, H.D. 1. Specifically, this bill has been amended by:

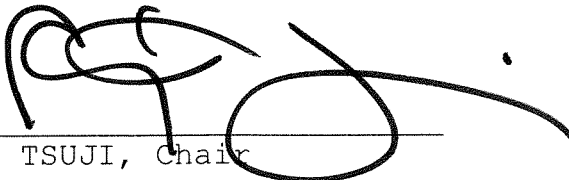
- (1) Deleting the provision that authorizes the holder of an interest in agricultural lands that qualifies for the Tax Credit to petition to have the agricultural lands designated as important agricultural lands and qualify for important agricultural lands incentives under Section 205-46, Hawaii Revised Statutes;
- (2) Deleting the provision that requires the state agency that certifies that a protected resource is significant or important to work with the taxpayer to identify opportunities for public access, if appropriate and reasonable;
- (3) Deleting the provision that when evaluating the fair market value of eligible donations, the amount be substantiated by a qualified appraisal prepared by a qualified appraiser; and
- (4) Removing the sunset date of December 31, 2012.

Your Committees have further amended this bill by changing the effective date to upon its approval.


As affirmed by the records of votes of the members of your Committees on Water, Land, Ocean Resources & Hawaiian Affairs and Agriculture that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2198, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2198, S.D. 2, H.D. 1, and be referred to the Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committees on Water, Land,
Ocean Resources & Hawaiian
Affairs and Agriculture,



CLIFT TSUJI, Chair



KEN ITO, Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

HHR 1322-08

Record of Votes of the Committee on Agriculture

Bill/Resolution No.: SB 2198, SD 2	Committee Referral: WLH/AGR, FIN	Date: 3/19/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
AGR Members	Ayes	Ayes (WR)	Nays	Excused
1. TSUJI, Clift (C)	/			
2. BROWER, Tom (VC)	/			
3. BERG, Lyla B., Ph.D.				/
4. CHANG, Jerry L.	/			
5. HANOHANO, Faye P.	/			
6. HERKES, Robert N.	/			
7. MANAHAN, Joey	/			
8. WAKAI, Glenn				/
9. YAMANE, Ryan I.	/			
10. YAMASHITA, Kyle T.	/			
11. CHING, Corinne W.L.				/
12. MEYER, Colleen Rose				/
TOTAL (12)	8	0	0	12
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 10pt;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <u>Tom Brower</u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				