

Honolulu, Hawaii

MAR 23 2007

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

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Economic Development and Taxation, to which was referred H.B. No. 1639, H.D. 2, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Exclude rental income derived from agricultural leases on important agricultural lands (IAL) from gross and adjusted gross income, and taxable income for income tax purposes, under certain conditions; and
- (2) Exempt rental income derived from agricultural leases on important agricultural lands from the general excise tax law, under certain conditions.

Testimony in support of this measure was received from the Department of Agriculture, Department of Taxation, Hawaii Farm Bureau, Land Use Research Foundation of Hawaii, and Alexander & Baldwin, Inc. The Tax Foundation of Hawaii submitted comments on this measure.

S.B. No. 1877, S.D. 2, which is also an IAL tax credit measure, was previously heard and approved by the Senate. In order to consider all options, your Committee has amended this measure by adding the language from S.B. No. 1877, S.D. 2. As amended, this measure:



- (1) In part II, establishes a reimbursable real property income tax credit for one hundred per cent of the actual amount of real property tax paid by taxpayers real property tax assessed on lands designated as important agricultural lands; and
- (2) In part III, provides farmer and employee housing on lands designated as important agricultural lands.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1639, H.D. 2, S.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.B. No. 1639, H.D. 2, S.D. 2.

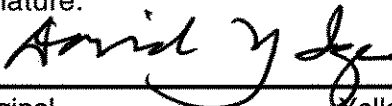
Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Taxation,


CAROL FUKUNAGA, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Economic Development and Taxation
EDT

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1639 HD2SD1	WAA, EDT, WAM	3/22/2007		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
ESPERO, Will (VC)				✓
ENGLISH, J. Kalani				✓
IGE, David Y.	✓			
SLOM, Sam	✓			
TOTAL	3			2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink		
File with Committee Report	Clerk's Office	Drafting Agency		

*Only one measure per Record of Votes