

STAND. COM. REP. NO.

2384

Honolulu, Hawaii

FEB 15 2008

RE: S.B. No. 3209

S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Agriculture and Hawaiian Affairs, to which was referred S.B. No. 3209 entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

begs leave to report as follows:

The purpose of this measure is to provide a tax credit for qualified agricultural costs incurred to improve farms on land classified as agricultural districts.

Specifically, the measure establishes an income tax credit of twenty per cent or up to \$50,000 in the first year, and ten per cent or up to \$25,000 for the following three years, for qualified agricultural costs incurred by a taxpayer.

Testimony in support of this measure was submitted by Maui Land & Pineapple Company, Inc. and Alexander & Baldwin, Inc. The Department of Agriculture submitted testimony in support of the intent of this measure. The Department of Taxation and Tax Foundation of Hawaii submitted comments regarding this measure.

Your Committee finds that the best way to preserve agricultural lands is to preserve agricultural businesses and agricultural viability. This is especially true with regard to lands designated as important agricultural lands.

Your Committee has amended this measure by making the following amendments:

2008-1413 SSCR SMA.doc

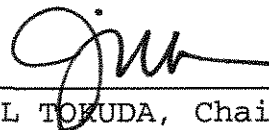


- (1) Requiring that, prior to claiming a tax credit, a taxpayer request a letter from the Department of Agriculture specifying the qualified agricultural costs in the taxable year the tax credit will be claimed;
- (2) Amending the definition of "agricultural land" to mean land designated as important agricultural lands pursuant to Part III of chapter 205, Hawaii Revised Statutes; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee further notes that as a result of the amendment limiting this tax credit to land designated as important agricultural land, the actual revenue impact will be substantially lower than the projected revenue impact figures submitted by the Department of Taxation.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3209, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3209, S.D. 1, and be referred to the Committees on Economic Development and Taxation and Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Agriculture and
Hawaiian Affairs,



JILL TOKUDA, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Agriculture and Hawaiian Affairs
AHW

Bill / Resolution No.:* SB 3209	Committee Referral: AHW, EDT/WAM	Date: 12 Feb 2008		
<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
TOKUDA, Jill N. (C)	✓			
ENGLISH, J. Kalani (VC)	✓			
GABBARD, Mike	✓			
HEE, Clayton				✓
KOKUBUN, Russell S.				✓
SLOM, Sam	✓			
TOTAL	4	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>J. Kalani English</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes