

JAN 27 2010

A BILL FOR AN ACT

RELATING TO TAXATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§235- Agricultural rent windfall income tax surcharge.

5 (a) There is levied and assessed an agricultural rent windfall
6 income tax surcharge on every applicable agricultural lessor in
7 the State. The surcharge shall be \$500 per acre for any
8 agricultural land that is leased for an amount in excess of ten
9 per cent a year of the derated agricultural property tax value
10 of the land subject to the surcharge. Payment of the surcharge
11 to the State shall be the responsibility of the lessor of the
12 land.

13 (b) This section shall apply to land that is taxed as
14 agricultural land by the real property assessment division of
15 the county where the land is situated; provided that this
16 section shall not apply to land producing local food crops,
17 bioenergy crops, and parcels of land less than fifty acres,
18 including large tracts of land parceled out to several lessees.



1 (c) All provisions of this chapter shall apply to the
2 income tax surcharge. The director of taxation shall have all
3 the rights and powers provided under this chapter to administer
4 the surcharge.

5 (d) The penalties provided by section 231-39 for failure
6 to file a tax return shall be imposed on the amount of surcharge
7 due on the return being filed for the failure to file the
8 schedule required to accompany the return. In addition, there
9 shall be added to the tax an amount equal to ten per cent of the
10 amount of the surcharge and tax due on the return being filed
11 for the failure to file the schedule.

12 (e) All taxpayers who file on a fiscal year basis whose
13 fiscal year ends after December 31 of the year prior to the
14 taxable year in which the taxes become effective, shall file a
15 short period annual return for the period preceding January 1 of
16 the taxable year in which the taxes become effective. Each
17 fiscal year taxpayer shall also file a short period annual
18 return for the period starting on January 1 of the taxable year
19 in which the taxes become effective, and ending before January 1
20 of the following year.

21 (f) The department of taxation may adopt rules pursuant to
22 chapter 91 to effectuate this section."



1 SECTION 2. New statutory material is underscored.

2 SECTION 3. This Act shall take effect upon approval and
3 shall apply to taxable years beginning after December 31, 2010.

4

INTRODUCED BY: J. Kala Eghah



Report Title:

Agricultural Rent Windfall Income Tax Surcharge

Description:

Imposes an agricultural rent windfall income tax surcharge on lessors who charge excessive rent for agricultural land.

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