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# A BILL FOR AN ACT

RELATING TO IMPORTANT AGRICULTURAL LAND.

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

1           SECTION 1. Section 235-110.93, Hawaii Revised Statutes, is  
2 amended by amending subsection (k) to read as follows:

3           "(k) As used in this section:

4           "Agricultural business" means any person with a commercial  
5 agricultural, silvicultural, or aquacultural facility or  
6 operation, including:

7           (1) The care and production of livestock and livestock  
8 products, poultry and poultry products, apiary  
9 products, and plant and animal production for nonfood  
10 uses;

11           (2) The planting, cultivating, harvesting, and processing  
12 of crops; and

13           (3) The farming or ranching of any plant or animal species  
14 in a controlled salt, brackish, or freshwater  
15 environment;

16 provided that the principal place of the agricultural business  
17 is maintained in the State and more than fifty per cent of the



1 land the agricultural business owns or leases, excluding land  
2 classified as conservation land, is important agricultural land.

3 "Important agricultural lands" means lands identified and  
4 designated as important agricultural lands pursuant to part III  
5 of chapter 205.

6 "Net income tax liability" means income tax liability  
7 reduced by all other credits allowed under this chapter.

8 "Qualified agricultural costs" means expenditures for:

9 (1) The plans, design, engineering, construction,  
10 renovation, repair, maintenance, and equipment for:

11 (A) Roads or utilities, primarily for agricultural  
12 purposes, where the majority of the lands  
13 serviced by the roads or utilities, excluding  
14 lands classified as conservation lands, are  
15 important agricultural lands;

16 (B) Agricultural processing facilities in the State,  
17 primarily for agricultural purposes, where the  
18 majority of the crops or livestock processed,  
19 harvested, treated, washed, handled, or packaged  
20 are from agricultural businesses;

21 (C) Water wells, reservoirs, dams, water storage  
22 facilities, water pipelines, ditches, or



1 irrigation systems in the State, primarily for  
2 agricultural purposes, providing water for lands,  
3 the majority of which, excluding lands classified  
4 as conservation lands, are important agricultural  
5 lands; and

6 (D) Agricultural housing in the State, exclusively  
7 for agricultural purposes; provided that:

8 (i) The housing units are occupied solely by  
9 farmers or employees for agricultural  
10 businesses and their immediate family  
11 members;

12 (ii) The housing units are owned by the  
13 agricultural business;

14 (iii) The housing units are in the general  
15 vicinity, as determined by the department of  
16 agriculture, of agricultural lands owned or  
17 leased by the agricultural business; and

18 (iv) The housing units conform to any other  
19 conditions that may be required by the  
20 department of agriculture;



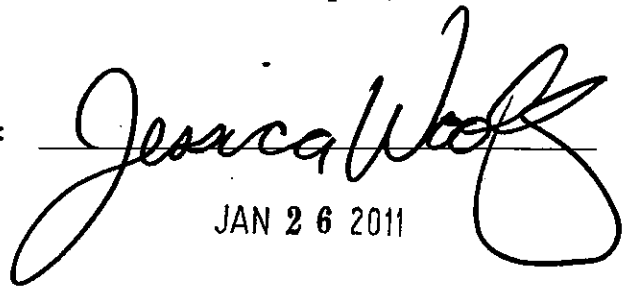
- 1           (2) Feasibility studies, regulatory processing, and legal  
2           and accounting services related to the items under  
3           paragraph (1); and  
4           (3) Equipment, primarily for agricultural purposes, used  
5           to cultivate, grow, harvest, or process agricultural  
6           products by an agricultural business[ ~~and~~  
7           ~~(4) Regulatory processing, studies, and legal and other~~  
8           ~~consultant services related to obtaining or retaining~~  
9           ~~sufficient water for agricultural activities and~~  
10           ~~retaining the right to farm on lands identified as~~  
11           ~~important agricultural lands]."~~

12           SECTION 2. Statutory material to be repealed is bracketed  
13 and stricken. New statutory material is underscored.

14           SECTION 3. This Act shall take effect on July 1, 2011.

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INTRODUCED BY:

  
JAN 26 2011



**Report Title:**

Important Agricultural Land; Tax Credit; Qualified Agricultural Costs

**Description:**

Repeals the ability to claim expenditures for regulatory processing, studies, and legal and other consultant services under the important agricultural land qualified agricultural cost tax credit.

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