
A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

1 SECTION 1. Chapter 205, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:
4 "§205- Dams and reservoirs. All dams and related
5 reservoir areas designated as important agricultural lands shall
6 be eligible for inclusion in the total acreage calculation for
7 important agricultural lands and shall qualify for incentives
8 pursuant to section 205-46; provided that the dams and
9 reservoirs are located within property designated as important
10 agricultural lands and provide irrigation water to agricultural
11 lands the majority of which, excluding lands classified as
12 conservation lands, are important agricultural lands; and
13 provided further that dams and reservoirs classified as
14 important agricultural lands shall not be included in the total
15 acreage calculation for a petition for declaratory order to
16 designate important agricultural lands in combination with the
17 reclassification of agricultural lands to the rural, urban, or
18 conservation district."



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

4 "§235- Dam or reservoir remediation tax credit. (a)

5 There shall be allowed to each taxpayer subject to the tax
6 imposed by this chapter, a credit for remediation of dams or
7 reservoirs as directed by the department of land and natural
8 resources, which shall be deductible from the taxpayer's net
9 income tax liability, if any, imposed by this chapter for the
10 taxable year in which the credit is properly claimed.

11 (b) The amount of the credit determined under this section
12 for the taxable year shall be equal to _____ per cent of the
13 cost of all remediation measures taken as directed by the
14 department of land and natural resources.

15 (c) For purposes of this section:

16 "Dam" shall have the same meaning as in section 179D-3.

17 "Remediation" means any work performed or measures as
18 directed by the department of land and natural resources;
19 provided that remediation shall not include any measures taken
20 pursuant to an order issued pursuant to section 179D-24(f).

21 "Reservoir" has the same meaning as in section 179D-3.



1 (d) The following costs and expenses are ineligible to be
2 claimed for this credit:

3 (1) Costs recoverable by the department of land and
4 natural resources pursuant to subsection 179D-24(c)
5 for emergency measures taken by the department to
6 protect life or property;

7 (2) Attorney's fees recoverable by the department of land
8 and natural resources pursuant to subsection
9 179D-24(d); and

10 (3) Costs incurred in complying with an order of the
11 department of land and natural resources issued
12 pursuant to subsection 179D-24(f), regardless of
13 whether the taxpayer is ultimately successful in any
14 challenge to that order.

15 (e) A successor landowner of a remediated dam or reservoir
16 subject to this section shall not be eligible to claim the tax
17 credit allowed by this section.

18 (f) The credit allowed under this section shall be claimed
19 against net income tax liability for the taxable year. A tax
20 credit under this section that exceeds the taxpayer's income tax
21 liability may be used as a credit against the taxpayer's income
22 tax liability in subsequent years until exhausted.



1 (g) All claims for tax credits under this section,
2 including any amended claims, shall be filed on or before the
3 end of the twelfth month following the close of the taxable year
4 for which the credits may be claimed. Failure to comply with
5 the foregoing provision shall constitute a waiver of the right
6 to claim the credit.

7 (h) No deduction shall be allowed for that portion of the
8 cost of remediation paid or incurred for the taxable year that
9 is equal to the amount of the credit determined under this
10 section.

11 (i) The director of taxation may adopt any rules under
12 chapter 91 and forms necessary to carry out this section.

13 §235- Aquacultural facilities tax credit. (a) There
14 shall be allowed to each taxpayer subject to the tax imposed by
15 this chapter, a credit for the cost of capital investments in
16 aquacultural facilities, which shall be deductible from the
17 taxpayer's net income tax liability, if any, imposed by this
18 chapter for the taxable year in which the credit is properly
19 claimed.

20 (b) The amount of the credit determined under this section
21 for the taxable year shall be equal to per cent of the
22 amount of capital investments in aquacultural facilities.



1 (c) For purposes of this section:

2 "Aquacultural facilities" means infrastructure used in the
3 propagation, cultivation, or farming of aquatic plants and
4 animals in controlled or selected environments for commercial
5 purposes or authorized stock enhancement purposes including
6 hatcheries, on-shore and off-shore farms including ponds and
7 off-shore cages or nets, harvesting facilities, and processing
8 facilities.

9 (d) A successor owner of aquacultural facilities subject
10 to this section shall not be eligible to claim the tax credit
11 allowed by this section.

12 (e) The credit allowed under this section shall be claimed
13 against net income tax liability for the taxable year. A tax
14 credit under this section that exceeds the taxpayer's income tax
15 liability may be used as a credit against the taxpayer's income
16 tax liability in subsequent years until exhausted.

17 (f) All claims for tax credits under this section,
18 including any amended claims, shall be filed on or before the
19 end of the twelfth month following the close of the taxable year
20 for which the credits may be claimed. Failure to comply with
21 the foregoing provision shall constitute a waiver of the right
22 to claim the credit.



1 (g) No deduction shall be allowed for that portion of the
2 capital investment paid or incurred for the taxable year that is
3 equal to the amount of the credit determined under this section.

4 (h) The director of taxation may adopt any rules under
5 chapter 91 and forms necessary to carry out this section."

6 SECTION 3. Section 201-1, Hawaii Revised Statutes, is
7 amended by amending the definition of "agriculture" to read as
8 follows:

9 "Agriculture" and "agricultural" mean the planting,
10 cultivating, and harvesting of crops~~[7]~~ or aquatic life,
11 including ~~[these so]~~ crops and aquatic life that are planted,
12 cultivated, and harvested for food, ornamental, grazing, or
13 forest purposes~~[. Once the]~~; provided that once crops or
14 aquatic life are harvested and transported to a point of
15 distribution, they cease to be agricultural ~~[in the terms]~~ for
16 purposes of this part."

17 SECTION 4. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 5. This Act shall take effect on July 1, 2020.



Report Title:

Agriculture; Aquaculture; Tax Credits

Description:

Provides that dams and related reservoir areas designated as important agricultural lands shall be included in the total area calculation for important agricultural lands. Provides tax credits and exemptions for dam and reservoir remediation and aquacultural facilities. Effective July 1, 2020. (SB1393 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

