

Honolulu, Hawaii  
Feb 15, 2012

RE: H.B. No. 2668  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committee on Agriculture, to which was referred H.B. No. 2668 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose of this measure is to support the State's agriculture industry by:

- (1) Creating a livestock feed tax credit for the taxable year beginning after December 31, 2011;
- (2) Creating a feed development tax credit program for the taxable years beginning after December 31, 2012, and ending before January 1, 2015;
- (3) Changing the important agricultural land qualified agricultural cost tax credit cap from \$7,500,000 per year to \$5,000,000 per year for the taxable year beginning after December 31, 2011 and \$7,000,000 per year for the taxable years beginning after December 31, 2012, and ending before January 1, 2016; and
- (4) Allowing an additional 15 percent tax credit for drought mitigation to the important agricultural land qualified agricultural cost tax credit.



The Hawaii Farm Bureau Federation, Land Use Research Foundation of Hawaii, and Alexander and Baldwin, Incorporated testified in support of this measure. The Department of Agriculture testified in support of the intent of this measure. The Department of Taxation, Department of Land and Natural Resources, and Tax Foundation of Hawaii provided comments on this measure.

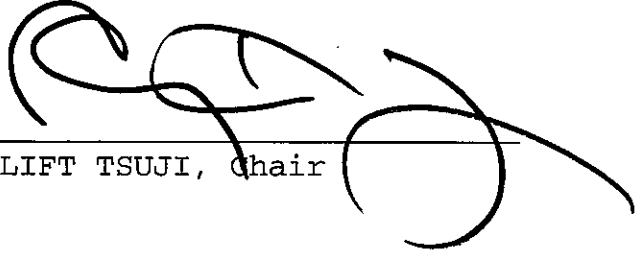
Your Committee has amended this measure by:

- (1) Clarifying that the distribution and share of the credit for a livestock feed tax credit and livestock feed development credit in the case of a partnership, S corporation, estate, trust, or other pass through entity be determined pursuant to section 704(b) of the Internal Revenue Code of 1986;
- (2) Repealing obsolete language from the important agricultural land qualified agricultural cost tax credit that specifies that a failure to file all claims for a tax credit, including amended claims, on or before the end of the twelfth month following the close of the taxable year for which the credit is claimed shall constitute a waiver of the right to claim the credit;
- (3) Repealing and reenacting the important agricultural land qualified agricultural cost tax credit on December 31, 2020, in the form in which it read on the day prior to the effective date of this measure; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2668, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2668, H.D. 1, and be referred to the Committee on Finance.



Respectfully submitted on  
behalf of the members of the  
Committee on Agriculture,

  
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CLIFT TSUJI, Chair



