

SB 585
Testimony

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Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Important agricultural land tax credit

BILL NUMBER: SB 585; HB 121 (Identical)

INTRODUCED BY: SB by Nishihara and 3 Democrats; HB by Choy

BRIEF SUMMARY: Amends HRS section 235-110.93 to: (1) clarify the amount of the important agricultural land qualified agricultural cost tax credit; (2) repeal the provision that the amount of the credit shall be reduced by the amount of funds received by the taxpayer from the irrigation repair and maintenance fund; and (3) the provision requiring the claims for the credit to be claimed before the end of the twelfth month following the close of the taxable year for which the credit is claimed.

EFFECTIVE DATE: Tax years beginning after December 31, 2012

STAFF COMMENTS: This measure clarifies the important agricultural land qualified agricultural cost tax credit to restate the credit provisions and delete obsolete references to the irrigation repair and maintenance special fund which was repealed in 2011.

However, the measure would also repeal the time limit within which the credit is to be claimed, a restriction that applies to all other tax credits. The adoption of this measure would provide preferential treatment for this credit and allow it to be claimed at any time in the future creating an unfunded liability as the ability to claim the credit would never expire. This would cause an additional administrative burden to the department of taxation who must administer and verify claims for the credit.

Digested 2/4/13

Simon Russell
Hui 'O Mālama 'Āina
910-A E. Kuiaha Rd
Haiku, HI 96078

Aloha Honorable Senators,

I am writing to support SB 585. However you choose to lower the tax burden of Farmers is a good thing, however, please focus your efforts on local and regenerative agriculture. These are the types of ag that are sorely needed in Hawaii. The agri-business model may create some jobs, but it gives the state little revenue, and enriches a few mostly mainland companies, while doing almost nothing for our food security.

Respectfully Submitted,
Simon Russell
Owner and Farmer
Hui 'O Mālama 'Āina

From: mailinglist@capitol.hawaii.gov
To: [AGL Testimony](#)
Cc: cochonlibre@gmail.com
Subject: Submitted testimony for SB585 on Feb 5, 2013 14:50PM
Date: Friday, February 01, 2013 9:05:59 AM

SB585

Submitted on: 2/1/2013

Testimony for AGL on Feb 5, 2013 14:50PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Cathy Goeggel	Animal Rights Hawai'i	Oppose	No

Comments: Animal Rights Hawai'i opposes any special financial preferences to the livestock industry by the Legislature.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
To: [AGL Testimony](#)
Cc: warrenmcfb@hotmail.com
Subject: Submitted testimony for SB585 on Feb 5, 2013 14:50PM
Date: Saturday, February 02, 2013 8:37:52 AM

SB585

Submitted on: 2/2/2013

Testimony for AGL on Feb 5, 2013 14:50PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Warren Watanabe	MCFB	Support	No

Comments: These amendments are critical to implement the IAL so landowners will be willing to continue to designate lands as IAL.

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**SB 585
RELATING TO AGRICULTURE**

**PAUL T. OSHIRO
MANAGER – GOVERNMENT RELATIONS
ALEXANDER & BALDWIN, INC.**

FEBRUARY 5, 2013

Chair Nishihara and Members of the Senate Committee on Agriculture:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) and its agricultural company Hawaiian Commercial & Sugar Company on SB 585, "A BILL FOR AN ACT RELATING TO AGRICULTURE." We support this bill.

After over twenty five years of debate, negotiation, and compromise, the IAL Law and process was finally enacted in July 2008. After years of pursuing a land-use approach to this constitutional mandate, the IAL law that was successfully passed (Act 183 (2005) and Act 233 (2008)) was premised on the principle that the best way to preserve agricultural lands is to preserve agricultural businesses and agricultural viability. As such, the IAL Law not only provides the standards, criteria, and processes to identify and designate important agricultural lands to fulfill the intent and purpose of Article XI, Section 3 of the Hawaii State Constitution, it also provides for a package of incentives designated to support and encourage sustained, viable agricultural activity on IAL. With the enactment of this comprehensive package of IAL incentives, the long awaited IAL identification and designation process was finally started in July 2008.

The IAL Law authorizes the identification and designation of IAL in one of two ways --- by voluntary petition to the State Land Use Commission by the landowner or

farmer; or subsequently by the Counties filing a petition to designate lands as IAL pursuant to a County identification and mapping process. The IAL Law further provides incentives to the landowner and/or farmer to conduct agricultural activities on IAL lands. In either case, the LUC determines whether the petitioned lands qualify for IAL designation pursuant to the standards, criteria, objectives, and policies set forth in the IAL Law. To date, the IAL Law has resulted in the designation by the LUC of over 89,000 acres of agricultural lands as IAL from voluntary petitions by Alexander & Baldwin, Parker Ranch, Castle & Cooke, and Mahaulepu (Grove) Farm. We believe that additional acres will be designated through the voluntary landowner and County petition process in the years to come.

This bill clarifies provisions in the present IAL Qualified Agricultural Cost Tax Credit Law for IAL agricultural businesses. Major infrastructure requirements such as irrigation systems, roads and utilities, and agricultural processing facilities play a critical role in the survival of many agricultural businesses, and this tax credit is intended to provide important financial support for IAL related farming operations. This tax credit serves as a stimulus to encourage IAL based entities to expand their operations or to enhance their operating efficiencies through the installation of new agricultural infrastructure, equipment, and other related improvements to service their farming operations. We believe that this bill will greatly enhance the viability and sustainability of present and future IAL based agricultural operations.

Based on the aforementioned, we respectfully request your favorable consideration on this bill. Thank you for the opportunity to testify.