

STAND. COM. REP. NO.

3341

Honolulu, Hawaii

APR 04 2014

RE: H.B. No. 2464
H.D. 1
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 2464, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

begs leave to report as follows:

The purpose and intent of this measure is to clarify how the important agricultural land qualified agricultural cost tax credit is to be calculated.

More specifically, this measure clarifies the maximum credit amount that may be claimed under the important agricultural land qualified agricultural cost tax credit.

Your Committee received written comments in support of this measure from Alexander & Baldwin, Inc., Castle & Cooke Hawai'i, The Chamber of Commerce of Hawaii, Hawaii Farm Bureau Federation, Land Use Research Foundation of Hawaii, and the Maui County Farm Bureau. The Department of Agriculture, Department of Taxation, and the Tax Foundation of Hawaii submitted written comments on the measure.

Your Committee finds that the important agricultural land qualified agricultural cost tax credit was established by Act 233, Session Laws of Hawaii 2008, as part of a package of incentives designed to sustain and establish viable agricultural businesses on designated important agricultural lands. Your Committee also finds that the Legislature intended for the cap amount of the tax

HB2464 SD1 SSCR LRB 14-2485.doc



credit to be \$625,000 in the first year, \$250,000 in the second year, and \$125,000 in the third year the tax credit is claimed. However, as currently written, the cap amount of the tax credit appears to be twenty-five per cent of \$625,000 in the first year, fifteen per cent of \$250,000 in the second year, and ten per cent of \$125,000 in the third year. Your Committee believes that this measure clarifies the tax credit to reflect the Legislature's original intent.

Your Committee has amended this measure by changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2464, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2464, H.D. 1, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



