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# A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

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

4           "§235-       Agricultural buildings or structures tax credit.

5           (a) There shall be allowed to each qualified taxpayer subject  
6 to the taxes imposed by this chapter, a tax credit that may be  
7 claimed for qualified costs in the development or renovation of  
8 any agricultural building or structure. The tax credit shall be  
9 deductible from the taxpayer's net income tax liability, if any,  
10 imposed by this chapter.

11           (b) The amount of the tax credit shall be equal to the  
12 qualified costs incurred from January 1, 2015, through December  
13 31, 2017, up to a maximum of \$1,000,000 of credit in the  
14 aggregate for each qualified taxpayer and for all years the  
15 credit is available.

16           (c) If the tax credit under this section exceeds the  
17 taxpayer's net income tax liability under this chapter for any



1 year for which the credit is taken, the excess of the tax credit  
2 may be used as a credit against the taxpayer's net income tax  
3 liability under subsequent years until exhausted.

4 (d) Every claim, including amended claims, for a tax  
5 credit under this section shall be filed on or before the end of  
6 the twelfth month following the close of the taxable year for  
7 which the credit may be claimed. Failure to comply with the  
8 foregoing provision shall constitute a waiver of the right to  
9 claim the credit.

10 (e) If, at any time during the three-year period in which  
11 the tax credit may be earned under this section, the costs  
12 incurred no longer meet the definition of qualified costs, the  
13 credit claimed under this section shall be recaptured. The  
14 recapture shall be equal to one hundred per cent of the total  
15 tax credit claimed under this section for the preceding taxable  
16 year; provided that the amount of the credit recaptured shall  
17 apply only to those costs that no longer meet the definition of  
18 qualified costs. The amount of the recaptured tax credit  
19 determined under this subsection shall be added to the  
20 taxpayer's tax liability for the taxable year in which the  
21 recapture occurs under this subsection.



1       (f) The director of taxation shall prepare any forms that  
2 may be necessary to claim a credit under this section. The  
3 director may also require the taxpayer to furnish information to  
4 ascertain the validity of the claims for a tax credit made under  
5 this section and may adopt rules necessary to effectuate the  
6 purposes of this section pursuant to chapter 91.

7       (g) Every qualified taxpayer, no later than March 31 of  
8 each year for which qualified costs were expended in the  
9 previous taxable year, shall submit a written, certified  
10 statement to the director of taxation, in the form specified by  
11 the director, identifying:

12       (1) Qualified costs, if any, expended in the previous  
13 taxable year;

14       (2) The amount of tax credits claimed pursuant to this  
15 section, if any, in the previous taxable year; and

16       (3) The net income tax liability under this chapter  
17 against which the tax credit is claimed.

18       (h) As used in this section:

19       "Agricultural building or structure" means any building or  
20 structure, and appurtenances thereto, that qualify under section  
21 46-88.



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

3 "Qualified costs" means any costs for the planning, design,  
4 or construction of any new agricultural building or structure,  
5 or for the renovation of any existing agricultural building or  
6 structure, up to a total of \$1,000,000 in the aggregate,  
7 incurred after December 31, 2014, and before January 1, 2018;  
8 provided that "qualified costs" shall not include land  
9 acquisition costs."

10 SECTION 2. New statutory material is underscored.

11 SECTION 3. This Act, upon its approval, shall apply to  
12 taxable years beginning after December 31, 2014.

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INTRODUCED BY: Cindy Evans  
JAN 23 2015



# H.B. NO. 533

**Report Title:**

Income Tax Credit; Agricultural Buildings or Structures

**Description:**

Establishes an income tax credit for the qualified costs of developing or renovating certain agricultural buildings or structures that are exempt from building permit or building code requirements.

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

