

DAVID Y. IGE  
Governor

SHAN S. TSUTSUI  
Lt. Governor



State of Hawaii  
**DEPARTMENT OF AGRICULTURE**  
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SCOTT E. ENRIGHT  
Chairperson, Board of Agriculture

PHYLLIS SHIMABUKURO-GEISER  
Deputy to the Chairperson

**TESTIMONY OF SCOTT E. ENRIGHT  
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE SENATE COMMITTEES ON WATER & LAND & AGRICULTURE &  
ENVIRONMENT**

**MARCH 23, 2017  
2:00 P.M.  
CONFERENCE ROOM 224**

**HOUSE BILL NO. 1584 HD2  
RELATING TO IMPORTANT AGRICULTURAL LANDS**

Chairpersons Rhoads and Gabbard and Members of the Committees:

Thank you for the opportunity to testify on House Bill No. 1584 HD2 that makes an appropriation for FY2017-18 and the same amount for 2018-19 to the Department of Business and Economic Development, and Tourism (DBEDT) to be disbursed equally to the counties as grants-in-aid upon the counties submittal of their respective recommendations for potential Important Agricultural Lands (IAL) to the Land Use Commission, pursuant to Section 205-47. If a county fails to submit its maps of potential IAL to the Land Use Commission by June 30, 2019, then DBEDT shall disburse the funds to the Land Use Commission which shall identify maps of IAL for that county by June 30, 2020, pursuant to new Section 205-48(d) which will authorize the Land Use Commission to identify potential IAL and after Office of Planning and Department of Agriculture review, proceed to designate IAL. This measure also amends the IAL Qualified Agricultural Cost Tax Credit (Section 235-110.93) by changing the credit amount for each year in which the credit is claimed to 30 percent or \$1 million; adding costs associated with clearing of and restoring soil productivity of former plantation lands that have been unused for three years; and extending the availability of the tax credit by 10 years. The Department of Agriculture supports the



intent of this measure and offer comments and an amendment. We defer to the counties as to which of the legislative initiatives that they feel will best cause the identification of potential IAL and subsequent designation. We defer to the Department of Taxation as to the effect of the amendment on the manner that the tax credit is calculated and the amount of tax credit received by a taxpayer in comparison to what the taxpayer would receive under the existing method.

The proposed additional qualified agricultural cost item (page 10, lines 15-18) is limited to the grubbing of former sugarcane and pineapple plantation land that is unused for a minimum of 3 years. To be consistent with the other qualified agricultural cost items, we offer the following amendment that requires that the land to be cleared and soil restored to be used primarily for agricultural purposes.

Page 10, lines 15-18; (new language in bold and double underscored, deleted language is bracketed and overstruck)

(5) The clearing, removal of trees and debris from, and soil restoration **to correct any nutrient deficiency that is present on** [ef] former sugar and pineapple plantation lands that have been out of **agricultural** use for more than three years **and are to be used primarily for agricultural purposes.**"

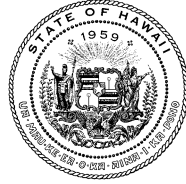
Clarity in the definition as to what is allowed as a qualified agricultural cost will help to ensure we are consistent in the manner we review and assess each application and cost item for the tax credit.

Additionally, The Department asks for general fund resources to help administer this program.

Thank you for the opportunity to submit our testimony.

DAVID Y. IGE  
GOVERNOR

SHAN TSUTSUI  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
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MARIA E. ZIELINSKI  
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE  
DEPUTY DIRECTOR

To: The Honorable Karl Rhoads, Chair  
and Members of the Senate Committee on Water and Land

The Honorable Mike Gabbard, Chair  
and Members of the Senate Committee on Agriculture and Environment

Date: Thursday, March 23, 2017  
Time: 2:00 P.M.  
Place: Conference Room 224, State Capitol

From: Maria E. Zielinski, Director  
Department of Taxation

Re: H.B. 1584, H.D. 2, Relating to Important Agricultural Lands

The Department of Taxation (Department) appreciates the intent of H.B. 1584, H.D. 2, and provides the following comments for your consideration.

Section 4 of H.B. 1584, H.D. 2, amends the important agricultural lands qualified agricultural cost tax credit (IAL credit) codified at section 235-110.93, Hawaii Revised Statutes (HRS). H.D. 2 does the following:

- Changes the amount of the credit to the lesser of thirty percent of the qualified agricultural costs incurred by taxpayer or \$1,000,000;
- Allows taxpayer to claim the credit for more than the current limit of 3 years;
- Adds an additional type of cost to the definition of “qualified agricultural cost”; and
- Extends the date by which the Department of Agriculture must cease certifying credits from 4 years to 14 years.

H.D. 2 has a defective effective date of July 1, 2050.

First, the Department notes that under current law, the IAL credit may only be claimed for three years. The first year, the credit amount is the lesser of twenty-five percent of the qualified agricultural costs incurred or \$625,000; the lesser of fifteen percent of the costs or \$250,000 in the second year; and the lesser of ten percent of the costs or \$125,000. This means that the maximum IAL credit available to a taxpayer is \$1 million over three tax years. H.D. 2, substantially increases the credit amount by changing the cap to \$1 million per tax year and removing any limitation as to the maximum number of years that each taxpayer can claim the IAL credit.

In addition, under current law, the Department of Agriculture must cease certifying IAL credits after the fourth taxable year for which the IAL credit is first claimed. H.D. 2 extends this provision by ten years to allow certifications to be issued up to the fourteenth taxable year. Combined with the change in the IAL credit calculation described above, the IAL credit will be capped at \$1 million per taxpayer per year for the life of the IAL credit. To illustrate, if the first IAL credit was claimed four years ago, \$10 million worth of IAL credit would be available to each taxpayer because the cap is \$1 million per year and the IAL credit is effective for ten more years. This is drastically different from current law which limits each taxpayer a total of \$1 million of IAL credit.

Second, the Department notes that the stated purpose of tax credits is generally to incentivize the conservation and to protect important agricultural lands. Because of the unrestricted nature of the IAL credit, the amendments proposed by this measure would also apply to costs that were already paid or incurred after July 1, 2008. This retroactive application may result in an unintentional windfall for some taxpayers and would not be incentivizing taxpayer behavior as the costs have already been incurred.

For example, taxpayers who incurred costs that could have generated an IAL credit that exceeded the cap could now claim the IAL credit for those additional costs that did not generate a credit. Similarly, taxpayers who incurred costs for the clearing and removal of trees and debris from former sugar and pineapple plantation lands with no expectation of a tax credit would now be able to claim the IAL credit for these costs. The Department suggests addressing this issue by applying the amendments to costs paid or incurred on or after July 1, 2017 and taxable years beginning after December 31, 2017.

Third, the Department suggests removing the provision in subsection (a) of section 235-110.93, HRS, which allows the tax credit to be claimed in any taxable year after the taxable year in which the costs are incurred. This feature is unique to the IAL credit, and creates tax compliance and enforcement issues. In addition, this provision leaves the twelve month deadline to claim the credit ineffective because the credit can be claimed in any year after the year in which the costs were incurred. If a taxpayer fails to file within twelve months of the close of the taxable year, they can simply claim the credit in the following year.

Fourth, the Department defers to the Department of Agriculture regarding its ability to continue certifying credits for the prescribed period, as well as its ability to certify costs for the new activity listed as a "qualified agricultural cost."

Finally, if changes to the IAL credit are retained in this measure, the Department requests that the changes be applicable to taxable years beginning after December 31, 2017 to allow time to make necessary changes to form, instruction, and computer system modifications necessary for proper implementation.

Thank you for the opportunity to provide comments.

**DAVID Y. IGE**  
Governor

**SHAN S. TSUTSUI**  
Lieutenant Governor

**LUIS P. SALAVERIA**  
Director

**MARY ALICE EVANS**  
Deputy Director



**LAND USE COMMISSION**  
Department of Business, Economic Development & Tourism  
State of Hawai`i

**DANIEL ORODENKER**  
Executive Officer

**Bert K. Saruwatari**  
Planner

**SCOTT A.K. DERRICKSON AICP**  
Planner

**RILEY K. HAKODA**  
Chief Clerk/Planner

**FRED A. TALON**  
Drafting Technician

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Statement of  
**Daniel E. Orodenker**  
**Executive Officer**  
Land Use Commission  
Before the  
**Senate Committee on Water and Land**  
and  
**Senate Committee on Agriculture and Environment**  
Thursday March 23, 2017  
2:00 PM  
State Capitol, Conference Room 224

In consideration of  
**HB 1584 HD2**  
**RELATING TO IMPORTANT AGRICULTURAL LANDS**

Chairs Rhoads and Gabbard; Vice Chairs Gabbard and Riviere; and members of the Committees on Water and Land, and, Agriculture and Environment:

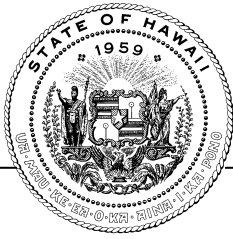
The Land Use Commission (LUC) supports HB 1584 HD2 that would provide funds for grants-in-aid to the counties for the identification and mapping of important agricultural lands (IAL) and submittal of recommendations and maps to the LUC by June 30, 2019. Further, that if the counties are unable to submit recommendations by that date, the LUC is directed to proceed to identify and designate IAL with recommendations from the State Department of Agriculture and State Office of Planning.

The IAL identification and mapping process for the counties as set out in Section 205-47, Hawai`i Revised Statutes (HRS) requires significant public involvement to include coordination with a broad range of stakeholders, public meetings, and citizen advisory groups. Adequate funding to complete this process could result in a quality product supported by a broad range of stakeholders.

Under the State Constitution, Article XI, section 3, the State has a duty to conserve and protect important agricultural lands. To conserve and protect the broadest range of the best agricultural lands requires identification of large contiguous areas in each county. The identification and designation of important agricultural lands will provide a clear guide for future district boundary amendment requests to move land into the State Urban or Rural districts. This should expedite future boundary amendments and reduce potential litigation over reclassification of important agricultural lands.

The current House Draft 2 also incorporates amendments to agricultural tax credits which support agricultural operations on IAL. The LUC defers to the State Office of Planning, The Department of Agriculture, and the Department of Taxation on whether they believe the amendments would be beneficial in their current form.

Thank you for the opportunity to testify on this matter.



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**DAVID Y. IGE**  
GOVERNOR

**LEO R. ASUNCION**  
DIRECTOR  
OFFICE OF PLANNING

Statement of  
**LEO R. ASUNCION**  
Director, Office of Planning  
before the  
**SENATE COMMITTEE ON WATER AND LAND  
AND  
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT**  
Thursday, March 23, 2017  
2:00 PM  
State Capitol, Conference Room 224

in consideration of  
**HB 1584, HD 2**  
**RELATING TO IMPORTANT AGRICULTURAL LANDS.**

Chairs Rhoads and Gabbard, Vice Chairs Gabbard and Riviere, and Members of the Senate Committees on Water and Land and Agriculture and Environment.

The Office of Planning (OP) supports HB 1584, HD 2, provided that the appropriation does not displace Administration priorities in the Executive Budget.

HB 1584, HD 2 amends Hawaii Revised Statutes (HRS) §§ 205-48 and 49 to require the counties to submit maps identifying lands to be designated as important agricultural lands (IAL) to the State Land Use Commission by June 30, 2019, charges the LUC with mapping and designating IAL if a county fails to submit IAL maps, and appropriates funds for this purpose. HB 1584, HD 2 also makes amendments to the IAL tax credit provisions in HRS § 235-110.93 to: add tree and debris clearing and soil restoration of fallow sugar and pineapple lands as a qualified agricultural cost; increase the amount of tax credit allowable per claim in one year; and extend the Department of Agriculture's (DOA) authority to certify the IAL tax credit for another ten years.

OP believes the bill offers appropriate incentives for the counties to complete their IAL mapping process. It is our understanding that the County of Kauai has completed their mapping studies, but does not anticipate petitioning for the designation of additional IAL lands beyond what has already been designated under the voluntary petition process. The City and County of Honolulu is nearing the completion of its identification and mapping process, and maps of proposed IAL are currently undergoing public review and comment.

OP notes that disbursement of funds upon completion of the mapping process and submittal of adopted maps to the LUC may not resolve funding issues faced by those counties that have yet to start their IAL mapping process.

We support the IAL tax credits as a means to facilitate the long-term viability of farming and agriculture, and offer the following comments on the provisions in the bill related to the IAL qualified agricultural cost tax credit.

1. Extension of the tax credit. OP prefers that HRS § 235-110.93(l) be deleted in its entirety to remove the sunset provision for the IAL qualified agricultural cost tax credit. This would ensure that this incentive for agricultural use of IAL would be available to future farmers for an indefinite period of time, as was intended when its enabling legislation was introduced.
2. New qualified agricultural cost. The proposed qualified agricultural cost for clearing, removal of trees and debris, and soil restoration as written will be problematic for the Department of Agriculture (DOA) to administer. While these are legitimate costs in preparing fallowed fields for cultivation, further amendment is required to define what constitutes soil restoration and needed clearing, and to ensure that the tax credit can only be claimed by an entity that subsequently puts the land into commercial agricultural production.
3. OP defers to DOA and the Department of Taxation on the proposed increase in the amount that may be claimed by one entity in each year. We note that since the total amount of tax credit available each tax year is capped at \$7.5 million dollars, this could have the effect of limiting the number of entities that could claim the tax credit in any one year.

Thank you for the opportunity to testify on this measure.



**Bernard P. Carvalho, Jr.**  
Mayor



**Michael A. Dahilig**  
Director of Planning

**Wallace G. Rezentes, Jr.**  
Managing Director

**Ka'āina S. Hull**  
Deputy Director of Planning

**PLANNING DEPARTMENT**  
**County of Kaua'i, State of Hawai'i**  
4444 Rice Street, Suite A-473, Līhu'e, Hawai'i 96766

**Testimony before the Senate Committees on Water and Land and  
Agriculture and Environment**  
**HOUSE BILL HB1584 HD2 Relating to Important Agricultural Lands**

March 23, 2017 at 2:00 pm Conference Room 224

By Michael A. Dahilig - Director of Planning, County of Kaua'i

Honorable Chairs Rhoads and Gabbard and Members of the Committee:

On behalf of the County of Kaua'i, I offer testimony with **CONCERNS** and would **OPPOSE** the measure if the bill remains in its current form. Therefore, we propose amendments.

To our knowledge, our county is the only one in the state to have completed its Important Agricultural Lands (IAL) study as prescribed by law under Section 205-47, Hawaii Revised Statutes (HRS). To date, our County has had 37,410 acres of land designated by the Land Use Commission (LUC) as IAL, accounting for almost 30% of lands designated statewide. Our study set forth a short-term goal of 21,158 acres, which we have already surpassed via landowner designations.

Having attempted to initiate a county-led petition using Section 205-47, the current state of the law and contested case procedures required under Town v. Land Use Commission, 524 P.2d 84 (1974), places the counties at a severe disadvantage as each petition must involve each landowner as a party to the table before the LUC. This leads to inefficiency in the County's ability to designate large swaths of land crossing property boundaries. We would like to continue with designations, but can only effectively deal with one landowner at a time in an LUC proceeding.

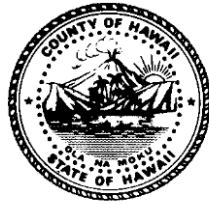
Further, as there are notice requirements set forth under Section 205-47, HRS, including a Chapter 92, HRS process for the required County Council resolution, the county-led process is protracted. Landowners can easily preempt the county-led process midway by filing a petition under Section 205-45 and take advantage of the majority lockout provisions still available under law. We have already experienced this effect, and do not believe simply requiring a drop dead date for designation will have any meaningful impact.

We believe our county has been diligent in attempting to move expediently in identifying IAL. **We recommend that the proposed bill be amended to give authority to the State Office of Planning, as they are better suited to research and argue a petition as a party versus the Land Use Commission executive staff who must service an impartial body of commissioners. Further, we would ask that proviso concerning the date only apply to counties in excess of 100,000 residents.**

**In the alternative, we would recommend that Section 205-45 relating to the landowner process and majority lockout be eliminated, and any county-led process would be determined by law as quasi-legislative to efficiently allow for designation without the involved quasi-judicial process currently required.**

We respectfully request the committees **AMEND** the measure as stated above. Mahalo for your consideration.

Harry Kim  
Mayor



Michael Yee  
Director

Daryn Arai  
Deputy Director

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**PLANNING DEPARTMENT**

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**Testimony of**  
**MICHAEL YEE**  
**Planning Director, County of Hawai'i Planning Department**

**before the**  
**COMMITTEE ON WATER AND LAND**  
**and the**  
**COMMITTEE ON AGRICULTURE AND ENVIRONMENT**

**Thursday, March 23, 2017, 2:00 PM**  
**State Capitol, Conference Room 224**

**in consideration of**  
**HB 1584, HD 2**  
**RELATING TO IMPORTANT AGRICULTURAL LANDS**

HB 1584, HD 2 requires the counties to make recommendations for important agricultural lands by 6/30/2019 or forfeit that right to the Land Use Commission (LUC). Extends the period to claim important agricultural land (IAL) qualified agricultural cost tax credits by 10 years and amends qualified agricultural costs and the amount of the credit. Appropriates funds.

The County of Hawai'i acknowledges the intent of this bill, but **OPPOSES** it in its current form and respectfully requests amendments.

The County of Hawai'i's General Plan and various Community Development Plans are consistent in their goals, objectives, and policies to preserve viable and productive agricultural land for farming and ranching, so this County supports the intent of IAL.

However, there are a number of deterrents that will not be resolved by this bill in its current form.

- The County of Hawai'i has more than 1.2 million acres designated as state land use (SLU) agriculture, far more than any other county, followed by Maui having just over 400,000 acres on its three islands.
- The Hawai'i Supreme Court case Town v. Land Use Commission, 524 P.2d 84 (1974), requires contested case procedures for each landowner, which is extremely costly and time consuming.

- This County has not yet had and does not foresee having in the immediate future the staff, funding, or capacity to take on the IAL study within the prescribed timeframe. We are currently in the middle of our General Plan update and adopting two (2) regional community development plans, which are expending our resources for the coming future.
- Pursuant to HRS 205-45, Landowners can, at any time in the process, file a petition and lock out the county proceedings, thereby rendering mute any analysis, time and expense already incurred by the counties.

The likelihood of the County of Hawai'i being able to traverse these hurdles within the deadline proposed is highly unlikely. Further, should the counties fail to meet the deadline, the LUC is not staffed to take on such a large endeavor, and it would be questionable if the Commission could provide an impartial determination on petitions considering their staff would be conducting the studies.

As is recognized, Kauai is the only county who has completed their IAL study and designation and should therefore be exempt from this bill. By way of example, the Kauai study took about five (5) years to designate approximately 21,000 acres in IAL (out of 140,000 acres of Agriculture land) and they spent approximately \$1 million. Any funds that the legislature may consider appropriating for grants-in-aid should not be less than this sum for each of the remaining counties.

In consideration of the above, we respectfully request that the committees **AMEND** the bill.

Mahalo.



**Testimony to the Senate Committee on Water and Land  
and the Senate Committee on Agriculture and Environment  
Thursday, March 23, 2017 at 2:00 P.M.  
Conference Room 224, State Capitol**

**RE: HOUSE BILL 1584 HD2 RELATING TO IMPORTANT AGRICULTURAL  
LANDS**

Chairs Rhoads and Gabbard, Vice Chairs Gabbard and Riviere, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 1584 HD2, which requires the counties to make recommendations for important agricultural lands by 6/30/2019 or forfeit that right to the Land Use Commission; extends the period to claim important agricultural land qualified agricultural cost tax credits by 10 years and amends qualified agricultural costs and the amount of the credit.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

After almost three decades of discussion, negotiation, and debate, the IAL Law and process was finally enacted in July 2008. We support this bill as it will continue the process of the IAL law.

The IAL Law presently authorizes the identification and designation of IAL in one of two ways. 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 voluntary petition process has resulted in the designation by the LUC of over 110,000 acres of agricultural lands as IAL from voluntary petitions by Alexander & Baldwin, Parker Ranch, Castle & Cooke, Mahaulepu Farm, Grove Farm, and Kamehameha Schools.

We support suggested amendments to ensure that the new provisions relating to the LUC mapping and designation of IAL are consistent with the present statutory criteria, provisions, and process for the designation of IAL via the County mapping process.

Thank you for the opportunity to testify.



Email: [communications@ulupono.com](mailto:communications@ulupono.com)

SENATE COMMITTEES ON WATER & LAND AND AGRICULTURE & ENVIRONMENT  
Thursday, March 23, 2017 — 2:00 p.m. — Room 224

**Ulupono Initiative Supports HB 1584 HD 2, Relating to Important Agricultural Lands**

Dear Chair Rhoads, Chair Gabbard, Vice Chair Riviere, and Members of the Committees:

My name is Kyle Datta and I am General Partner of Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally produced food; increase affordable, clean, renewable energy; and reduce waste. Ulupono believes that self-sufficiency is essential to our future prosperity and will help shape a future where economic progress and mission-focused impact can work hand in hand.

**Ulupono supports HB 1584 HD 2**, which helps to speed up designation of important agricultural lands, because it aligns with our goal of creating more locally produced food.

The Important Agricultural Lands designation is one of the policies that helps to keep agricultural land in agriculture, especially as development grows. This bill will help designate key lands for agriculture. Once designated, agricultural operations on important agricultural lands are eligible for favorable benefits and regulations. Greater clarity on Important Agricultural Lands will help provide expanded opportunities for farmers and ranchers to obtain access to high quality land at affordable rates by protecting such land from development. The cost and availability of high quality land is a critical requirement for the success of local agriculture.

As Hawai'i's local food issues become more complex and challenging, organizations need additional resources and support to address and overcome them. We appreciate these committees' efforts to look at policies that support local food production.

We believe that by collaborating, we can help produce more local food and support an economically robust homegrown agriculture industry, which strengthens our community with fresh, healthy food. Thank you for this opportunity to testify.

Respectfully,

Kyle Datta

*Investing in a Sustainable Hawai'i*

General Partner

**HB 1584 HD2  
RELATING TO IMPORTANT AGRICULTURAL LANDS**

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

**MARCH 23, 2017**

Chair Rhoads, Chair Gabbard, and Members of the Senate Committees on Water & Land and Agriculture & Environment:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) on HB 1584 HD2, “A BILL FOR AN ACT RELATING TO IMPORTANT AGRICULTURAL LANDS.” We support this bill with amendments.

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.

The IAL Law presently 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. 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 voluntary petition process has resulted in the designation by the LUC of over 110,000 acres of agricultural lands as IAL from voluntary petitions by Alexander & Baldwin, Parker Ranch, Castle & Cooke, Mahaulepu Farm, Grove Farm, and Kamehameha Schools.

This bill provides grants in aid to the Counties for the identification and mapping of IAL. With the voluntary petition process already providing a significant amount of IAL throughout Hawaii, this appropriation will assist the Counties in fulfilling the second method of IAL designation, which will be initiated by the County identification and mapping of IAL. When completed, these County maps will be forwarded to the LUC which will enable them to designate qualified lands as IAL. Should a County not submit IAL recommendations and mapping to the LUC by June 30, 2019, this bill authorizes the LUC to identify, map, and designate IAL in that particular County. We believe that these provisions should collectively result in the designation of additional qualified agricultural lands as IAL.

This bill also includes provisions to extend the authorization to certify IAL Tax Credits beyond its present sunset date and to modify the amount and availability of the IAL Tax Credits. The Department of Agriculture's authorization to certify IAL Tax Credits, which has been in effect for the past four years and will sunset after Tax Year 2017, will be extended by this bill through Tax Year 2027. This bill also includes



provisions to modify the amount and availability of the present IAL Tax Credits from a one-time tax credit claimed over a three year period to an annual recurring tax credit.

We respectfully request your consideration to incorporate amendments into this bill to ensure that the statutory language for the present IAL Tax Credits, under which the present certification authorization remains in effect through Tax Year 2017, is not impacted by the proposed new language to modify the amount and availability of the IAL Tax Credits. Ensuring that the statutory language for the present IAL Tax Credits remains unchanged will enable present IAL farmers/entities the opportunity to claim qualified agricultural costs as tax credits over the three year collection period as presently authorized by law. We have attached to our testimony proposed language for your consideration.

Thank you for the opportunity to testify.

HB 1584 SD1 (Proposed amendments to Section 4(2), Page 10 Line 19 to Page 12 Line 11)

2. By amending subsection (a) to read:

"(a) There shall be allowed to each taxpayer an important agricultural land qualified agricultural cost tax credit that may be claimed in taxable years beginning after the taxable year during which the tax credit under section 235-110.46 is repealed, exhausted, or expired. The credit shall be deductible from the taxpayer's net income tax liability, if any, imposed by this chapter for the taxable year in which the credit is properly claimed. **[The] For taxable years prior to January 1, 2018, the** tax credit amount shall be determined as follows:

(1) In the first year in which the credit is claimed, the lesser of the following:

- (A) Twenty-five per cent of the qualified agricultural costs incurred by the taxpayer after July 1, 2008; or
- (B) \$625,000;

(2) In the second year in which the credit is claimed, the lesser of the following:

- (A) Fifteen per cent of qualified agricultural costs incurred by the taxpayer after July 1, 2008; or
- (B) \$250,000; and

(3) In the third year in which the credit is claimed, the lesser of the following:

- (A) Ten per cent of the qualified agricultural costs incurred by the taxpayer after July 1, 2008; or
- (B) \$125,000.

The taxpayer may incur qualified agricultural costs during a taxable year in anticipation of claiming the credit in future taxable years during which the credit is available. The taxpayer may claim the credit in any taxable year after the taxable year during which the taxpayer incurred the qualified agricultural costs upon which the credit is claimed. The taxpayer also may claim the credit in consecutive or inconsecutive taxable years until exhausted.

**For taxable years beginning after December 31, 2017, in each year in which the credit is claimed, the tax credit amount shall be the lesser of the following:**

- (1) Thirty per cent of the qualified agricultural costs incurred by the taxpayer during the taxable year in which the credit is claimed; or**
- (2) \$1,000,000."**

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WTL Testimony](#)  
**Cc:** [wao-hsl@WeAreOne.cc](mailto:wao-hsl@WeAreOne.cc)  
**Subject:** Submitted testimony for HB1584 on Mar 23, 2017 14:00PM  
**Date:** Tuesday, March 21, 2017 4:52:50 PM

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**HB1584**

Submitted on: 3/21/2017

Testimony for WTL/AEN on Mar 23, 2017 14:00PM in Conference Room 224

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Joseph Kohn MD	We Are One, Inc. - <a href="http://www.WeAreOne.cc">www.WeAreOne.cc</a> - WAO	Support	No

Comments: For 7 Generations. [www.WeAreOne.cc](http://www.WeAreOne.cc)

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, March 22, 2017 8:19 AM  
**To:** WTL Testimony  
**Cc:** rfurst808@gmail.com  
**Subject:** Submitted testimony for HB1584 on Mar 23, 2017 14:00PM

**HB1584**

Submitted on: 3/22/2017

Testimony for WTL/AEN on Mar 23, 2017 14:00PM in Conference Room 224

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Richard Furst	Individual	Support	No

Comments: Protecting our agricultural lands is critically important to helping lead Hawaii (and especially Oahu) to a sustainable future. That's why I think it is critical to support HB1584, so that we can understand where our most critical ag lands are located and organize proper land use planning efforts around that data.

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, March 21, 2017 8:51 PM  
**To:** WTL Testimony  
**Cc:** begoniabarry@gmail.com  
**Subject:** \*Submitted testimony for HB1584 on Mar 23, 2017 14:00PM\*

**HB1584**

Submitted on: 3/21/2017

Testimony for WTL/AEN on Mar 23, 2017 14:00PM in Conference Room 224

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Barbara Barry	Individual	Support	No

Comments:

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, March 21, 2017 6:31 PM  
**To:** WTL Testimony  
**Cc:** kshimata@hawaiiantel.net  
**Subject:** Submitted testimony for HB1584 on Mar 23, 2017 14:00PM

**HB1584**

Submitted on: 3/21/2017

Testimony for WTL/AEN on Mar 23, 2017 14:00PM in Conference Room 224

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kathy Shimata	Individual	Support	No

Comments: We need our ag lands. Let's protect them from development.

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, March 21, 2017 3:12 PM  
**To:** WTL Testimony  
**Cc:** mendezj@hawaii.edu  
**Subject:** \*Submitted testimony for HB1584 on Mar 23, 2017 14:00PM\*

**HB1584**

Submitted on: 3/21/2017

Testimony for WTL/AEN on Mar 23, 2017 14:00PM in Conference Room 224

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Support	No

Comments:

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, March 22, 2017 9:49 AM  
**To:** WTL Testimony  
**Cc:** barbarageorge40@yahoo.com  
**Subject:** Submitted testimony for HB1584 on Mar 23, 2017 14:00PM

**HB1584**

Submitted on: 3/22/2017

Testimony for WTL/AEN on Mar 23, 2017 14:00PM in Conference Room 224

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Barbara L. George	Individual	Support	No

Comments: SUPPORT!

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**Sent:** Tuesday, March 21, 2017 4:52 PM  
**To:** WTL Testimony  
**Cc:** ndavlantes@aol.com  
**Subject:** \*Submitted testimony for HB1584 on Mar 23, 2017 14:00PM\*

**HB1584**

Submitted on: 3/21/2017

Testimony for WTL/AEN on Mar 23, 2017 14:00PM in Conference Room 224

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Nancy Davlantes	Individual	Support	No

Comments:

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