

LATE

Testimony of
Jon Okudara
on

S.B. No. 783

Relating to Agriculture

Committee on Agriculture and Environment

Friday, February 3, 2017, 1:15 a.m.

Room 224

I would like to testify in support of SB. No. 783, which:

1. Repeals the portion of section 235-110.93 that provides that the tax credit for qualified agricultural costs may not be claimed until the tax credit for the aquarium and marine science research facility at Ko Olina Resort and the training and educational facilities at Makaha Resort is repealed, exhausted or expired. That tax credit was for qualified costs incurred for the six-year period from June 1, 2003, through May 31, 2009.
2. Includes in the definition of “qualified agricultural costs,” the costs associated with the preparation of land for the growing of crops, including clearing, removal of trees and debris, and soil restoration. This is particularly true for abandoned sugar and pineapple plantation lands, which have become overgrown and often now contain large groves of albizia trees. The costs associated with clearing these lands will often amount to several thousands of dollars per acre.
3. Repeals the provision that the Department of Agriculture cease certifying credits after the fourth taxable year following the taxable year the credits were first claimed. That year was 2013. The certifying of credits is to cease at the end of 2017.

In 2008, Act 233, SLH 2008, established a variety of incentives and protections to establish and sustain viable agricultural operations on important agricultural lands. Included in the “qualified agricultural costs” are expenditures for:

- Plans, design, engineering, construction, renovation, repair, maintenance, and equipment for roads and utilities, processing facilities, irrigation systems, and agricultural housing;
- Studies;
- Equipment for agricultural purposes; and
- Regulatory processing, studies, and consultant services.

Another expenditure should be added to “qualified agricultural costs,” the clearing, and removal of trees and debris, and soil restoration of former plantation lands that have been out of use for more than five years.” Many of the former plantation lands are now over-grown with brush, albizia and Christmas berry trees, which may cost over

\$6,000/acre to clear. In addition, after plantation crops have been harvested, many of the mineral nutrients required by crops are deficient and have to be restored. This is a cost that is equal to or more important than the “qualified agricultural costs” listed.

Section 235-110.93(k), HRS, should be amended by amending the definition of “qualified agricultural costs” to include a paragraph (5) to read:

“(5) The clearing, removal of trees and debris, and soil restoration to correct any nutrient deficiency that may be present on former sugar and pineapple plantation lands that have been out of use for more than five years.”

I support S.B. 783, with the amendments proposed.