

Honolulu, Hawaii

APR 07 2017

RE: H.B. No. 1584
H.D. 2
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1584, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO IMPORTANT AGRICULTURAL LANDS,"

begs leave to report as follows:

The purpose and intent of this measure is to protect important agricultural lands.

More specifically, the measure:

- (1) With regard to the designation of important agricultural lands:
 - (A) Requires the counties to submit recommendations and maps to the Land Use Commission by June 30, 2019;
 - (B) Provides that if a county fails to submit its recommendations and maps by June 30, 2019, the Land Use Commission shall identify and designate important agricultural lands in that county; and
 - (C) Appropriates an unspecified sum of general funds to the counties for the identification and mapping of important agricultural lands; and



- (2) With regard to the important agricultural land qualified agricultural cost tax credit:
 - (A) Establishes a cumulative tax credit limit of \$1,000,000 per taxpayer;
 - (B) Provides that for taxable years beginning after December 31, 2017, the taxpayer may only claim the tax credit in the taxable year in which the taxpayer incurred the qualified agricultural costs; and
 - (C) Authorizes the Department of Agriculture to certify the tax credit for up to fourteen taxable years.

The Department of Agriculture; Office of Planning; Land Use Commission; Ulupono Initiative; Chamber of Commerce Hawaii; Alexander & Baldwin, Inc.; Sierra Club of Hawaii; Land Use Research Foundation of Hawaii; Hawaii Farm Bureau; and one individual submitted written comments in support of this measure.

The Planning Department of the County of Hawaii submitted written comments in opposition to this measure.

The Department of Taxation and Tax Foundation of Hawaii submitted written comments on this measure.

Your Committee recognizes that Act 183, Session Laws of Hawaii 2005, directed each county to work with government and community stakeholders to identify and map potential important agricultural lands within its jurisdiction and make recommendations to the Land Use Commission for the designation of these lands as important agricultural lands. Once designated, agricultural operations on important agricultural lands would be eligible for a variety of state and county assistance and incentive programs, including grants, other funding assistance, tax incentives, favorable infrastructure and permit requirements, and farm and business education assistance.

Your Committee finds, however, that most counties have not completed their identification and mapping responsibilities under Act 183. Therefore, your Committee believes that it may be appropriate to provide a monetary incentive to the counties for



the identification and mapping of important agricultural land. Your Committee also believes that it may be appropriate to extend the availability of the important agricultural land qualified agricultural cost tax credit by ten years, to provide landowners and farmers sufficient time to claim the credit.

Your Committee has amended this measure by:

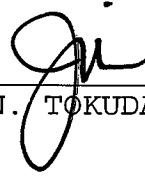
- (1) Clarifying that if the important agricultural land qualified agricultural cost tax credit is being claimed for qualified agricultural costs incurred during a taxable year beginning before January 1, 2018, the taxpayer may claim the credit in consecutive or inconsecutive taxable years until exhausted;
- (2) Inserting appropriations of unspecified sums of general funds for fiscal years 2017-2018 and 2018-2019 to the Department of Agriculture to hire one full-time equivalent planner V (1.0 FTE) to assist with the certification of important agricultural land qualified agricultural cost tax credits; and
- (3) Making technical nonsubstantive changes for purposes of clarity, consistency, and style.

Your Committee notes that it inserted the appropriation for the planner V position based on the Department of Agriculture's representation that the position is necessary for the department to move forward with important agricultural land qualified agricultural cost tax credit certifications. The department estimated that the annual salary range for the position would be \$57,000 to \$81,000, and that with the inclusion of benefits, the position would require an annual appropriation of \$74,000 to \$105,000.

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. 1584, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1584, H.D. 2, S.D. 2.



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



JILL N. TOKUDA, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
H13 1584, HD2, SD1	WTL/AEN, WAM	3/20/17		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
ENGLISH, J. Kalani				/
GALUTERIA, Brickwood	/			
HARIMOTO, Breene	/			
INOUE, Lorraine R.	/			
KAHELE, Kaiali'i				/
RIVIERE, Gil	/			
SHIMABUKURO, Maile S.L.	/			
TANIGUCHI, Brian T.	/			
WAKAI, Glenn	/			
TOTAL	9			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes