

Honolulu, Hawaii

APR 06 , 2018

RE: S.B. No. 783
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 783, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose of this measure is to assist farmers and encourage greater growth of the State's agricultural industry through expanding the period of applicability of and eligible costs which may be claimed under the Important Agricultural and Qualified Agricultural Cost Tax Credit by:

- (1) Repealing obsolete language that conditions the availability of the Tax Credit upon the repeal, exhaustion, or expiration of a different, unrelated tax credit;
- (2) Expanding the definition of "qualified agricultural costs" eligible for deduction from a taxpayer's net income tax liability to include expenditures for the clearing of, removal of trees and debris from, and soil restoration to correct any nutrient deficiency that is present on, former sugar and pineapple plantation lands that have been out of agricultural use for more than



five years and are to be used primarily for agricultural purposes; and

- (3) Repealing the requirement that the Department of Agriculture (DOA) cease certifying credits after 2017.

The Hawaii Farm Bureau, Alexander & Baldwin, Inc., and Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii testified in support of this measure. The Department of Agriculture, Department of Taxation, Tax Foundation of Hawaii, and a concerned individual provided comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 783, S.D. 2, H.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA DUKE, Chair



