

STAND. COM. REP. NO.

1671

Honolulu, Hawaii

, 2019

MAR 22

RE: S.B. No. 760

S.D. 2

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Agriculture, to which was referred S.B. No. 760, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose of this measure is to improve, enhance, and restore former plantation lands for agricultural use by:

- (1) Expanding the definition of "qualified agricultural costs" for purposes of qualifying for the Important Agricultural Land Qualified Agricultural Cost Tax Credit (Tax Credit) to include expenditures related to clearing, improving, and restoring qualifying former sugar and pineapple plantation lands; provided that the restored soil can only be used for agricultural uses and activities; and
- (2) Extending through the 2029 tax year the time in which the Department of Agriculture may certify Tax Credits.

The Hawai'i Farm Bureau, Kamehameha Schools, Hawaii Cattlemen's Council, and a few concerned individuals supported this measure. The Department of Agriculture, Department of

SB760 HD1 HSCR AGR HMS 2019-3354



Taxation (DOTAX), Land Use Commission, and Office of Planning (OP) submitted comments on this measure.

Your Committee has amended this measure by:

- (1) Clarifying that the plantations lands are those designated as important agricultural lands;
- (2) Deleting the requirement that the restored soil can only be used for agricultural uses and activities;
- (3) Requiring that any cost incurred, including clearing, removal, and soil restoration costs, must be for agricultural business operations or facilities; and
- (4) Changing its effective date to July 1, 2150, to encourage further discussion.

Your Committee has adopted the amendments proposed by OP, which decision has been reinforced by the concerns in the testimony of DOTAX. To avoid confusion, and in line with DOTAX's concern, expressly stating that the plantation lands must be designated as important agricultural lands to qualify for the Tax Credit was required. DOTAX also expressed concern that the language of the measure as received by your Committee, applied the requirement of agricultural uses and activities only to restored soil, and not to the clearing of or removal of debris from the plantation lands. OP's proposed amendment expressly and uniformly requires that all clearing, removal, and soil restoration costs must be for agricultural business operations or facilities.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 760, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 760, S.D. 2, H.D. 1, and be referred to your Committee on Finance.



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


RICHARD P. CREAGAN, Chair



HSR 1671

Record of Votes of the Committee on Agriculture

Bill/Resolution No.: SB 760, SD 2	Committee Referral: AGR, FIN	Date: 3-20-19		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
AGR Members	Ayes	Ayes (WR)	Nays	Excused
1. CREAGAN, Richard P. (C)	✓			
2. DeCOITE, Lynn (VC)	✓			
3. CABANILLA ARAKAWA, Rida	✓			
4. CACHOLA, Romy M.	✓			
5. HOLT, Daniel	✓			
6. ONISHI, Richard H.K.	✓			
7. PERRUSO, Amy A.	✓			
8. OKIMOTO, Val	✓			
TOTAL (8)	8	0	0	0
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <i>[Signature]</i>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				