

Honolulu, Hawaii

MAR 01 2019

RE: S.B. No. 760
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 760, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose and intent of this measure is to include certain expenditures for the clearing and removal of trees and debris and soil restoration among the qualifying agricultural costs for which a taxpayer may receive the important agricultural land qualified agricultural cost tax credit.

Your Committee received written comments in support of this measure from the Department of Agriculture; Hawaii Farm Bureau; Hawaii Cattlemen's Council; Kahuku Farmers, Inc.; and one individual.

Your Committee received written comments on this measure from the Department of Taxation and the Office of Planning.

Your Committee finds that this measure expands the costs that are eligible for the important agricultural land qualified agricultural cost tax credit to include expenditures for the improvement and restoration of former plantation lands that are primarily used for agricultural purposes.



Your Committee also notes that the Legislature has long recognized that land speculation and development pressures threaten the preservation of Hawaii's agricultural lands. Chapter 205, part III, Hawaii Revised Statutes, which establishes provisions relating to important agricultural lands, declares that there is "a compelling state interest in conserving the State's agricultural land resource base and assuring the long-term availability of agricultural lands for agricultural use"

Your Committee finds that there is support for the continuation of important agricultural lands incentives to protect large contiguous tracts of quality agricultural lands. These incentives should not be used to carve up designated important agricultural lands into gentleman estates, small subdivisions, or condominium property regimes.

Your Committee therefore believes that consideration should be given to clarifying the provision in section 235-110.93, Hawaii Revised Statutes, that includes certain expenditures for roads and utilities among the "qualified agricultural costs" for which a taxpayer may qualify for the important agricultural land qualified agricultural cost tax credit. Land identified and designated as important agricultural land should not be eligible for a tax credit that rewards a subdivision of that land.

Your Committee also believes that it may be appropriate to require a minimum lot size of twenty-five acres for the important agricultural land qualified agricultural cost tax credit to apply, or to amend statutory language to prevent the credit from applying to any subdivision or any creation of an agricultural condominium property regime.

Your Committee has amended this measure by:

- (1) Clarifying that remediated soils are to be used solely for agricultural uses and activities;
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (3) Making technical nonsubstantive changes for purposes of clarity, consistency, and style.



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 S.B. No. 760, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 760, S.D. 2.

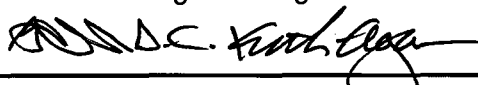
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB760, SDI	AEN, WAM	2/15/19		
<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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani	X			
HARIMOTO, Breene	X			
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.	X			
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.				X
FEVELLA, Kurt	X			
TOTAL	12			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes