
A BILL FOR AN ACT

RELATING TO AGRICULTURE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the State has a goal
2 to double local food production by 2030. While the State
3 currently imports eighty-five to ninety per cent of its food,
4 fuel, and fiber, agriculture was once Hawaii's number one
5 industry, creating agricultural abundance, peace, and prosperity
6 for its people.

7 The legislature further finds that one of the barriers to
8 growing more food and increasing agricultural production in
9 Hawaii is the lack of access to capital. There is limited to no
10 incentive for investors to invest in Hawaii's agricultural
11 production, which would help support and revitalize Hawaii's
12 agriculture industry. According to the department of business,
13 economic development, and tourism, replacing just ten per cent
14 of the food we currently import would amount to approximately
15 \$313,000,000. Assuming a thirty per cent farm share,
16 \$94,000,000 would be realized at the farm-gate, which would
17 generate an economy-wide impact of an additional \$188,000,000 in



1 sales, \$47,000,000 in earnings, \$6,000,000 in state tax
2 revenues, and more than two thousand three hundred jobs.

3 The purpose of this Act is to establish an agricultural
4 production tax credit to allow Hawaii to become a world leader
5 in food security, self-sufficiency, and sustainability.

6 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
7 amended by adding a new section to be appropriately designated
8 and to read as follows:

9 "§235- Agricultural production tax credit. (a) There
10 shall be allowed to each qualified taxpayer subject to the tax
11 imposed under this chapter an income tax credit that shall be
12 deductible from the taxpayer's net income tax liability, if any,
13 imposed by this chapter for the taxable year in which the credit
14 is properly claimed.

15 (b) The amount of the tax credit shall be equal to the
16 qualified expenses of the qualified taxpayer, up to a maximum of
17 \$_____.

18 (c) In the case of a partnership, S corporation, estate,
19 or trust, the tax credit allowable shall be for qualified
20 expenses incurred by the entity for the taxable year. The
21 expenses upon which the tax credit is computed shall be



1 determined at the entity level. Distribution and share of
2 credit shall be determined by rule.

3 (d) The total amount of tax credits allowed under this
4 section shall not exceed \$ _____ for all qualified taxpayers
5 in any taxable year; provided that any taxpayer who is not
6 eligible to claim the credit in a taxable year due to the
7 \$ _____ cap having been exceeded for that taxable year shall
8 be eligible to claim the credit in the subsequent taxable year.

9 (e) Every qualified taxpayer, before March 31 of each year
10 in which qualified expenses were incurred by the taxpayer in the
11 previous taxable year, shall submit a written, certified
12 statement to the chairperson of the board of agriculture
13 identifying:

14 (1) Qualified expenses incurred in the previous taxable
15 year; and

16 (2) The amount of the tax credit claimed by the taxpayer
17 pursuant to this section, if any, in the previous
18 taxable year.

19 (f) The board of agriculture shall:

20 (1) Maintain records of the names and addresses of the
21 qualified taxpayers claiming the credits under this



1 section and the total amount of the qualified expenses
2 upon which the tax credits are based;

3 (2) Verify the nature and amount of the qualified
4 expenses;

5 (3) Total all qualified and cumulative expenses that the
6 board certifies; and

7 (4) Certify the amount of the tax credit for each taxpayer
8 for each taxable year and the cumulative amount of the
9 tax credit.

10 Upon each determination made under this subsection, the board of
11 agriculture shall issue a certificate to the taxpayer verifying
12 information submitted to the board of agriculture, including
13 amounts of qualified expenses, the credit amount certified for
14 the taxpayer for each taxable year, and the cumulative amount of
15 tax credits certified. The taxpayer shall file the certificate
16 with the taxpayer's tax return with the department of taxation.
17 The board of agriculture may assess and collect a fee to offset
18 the costs of certifying tax credit claims under this section.

19 (g) The director of taxation:

20 (1) Shall prepare any forms that may be necessary to claim
21 a tax credit under this section;



1 (2) May require the taxpayer to furnish reasonable
2 information to ascertain the validity of the claim for
3 the tax credit made under this section; and

4 (3) May adopt rules under chapter 91 necessary to
5 effectuate the purposes of this section.

6 (h) If the tax credit under this section exceeds the
7 taxpayer's net income tax liability, the excess of the credit
8 over liability may be used as a credit against the taxpayer's
9 net income tax liability in subsequent years until exhausted.

10 All claims for the tax credit under this section, including
11 amended claims, shall be filed on or before the end of the
12 twelfth month following the close of the taxable year for which
13 the credit may be claimed. Failure to comply with the foregoing
14 provision shall constitute a waiver of the right to claim the
15 credit.

16 (i) As used in this section, "net income tax liability"
17 means income tax liability reduced by all other credits allowed
18 under this chapter."

19 SECTION 3. New statutory material is underscored.

20 SECTION 4. This Act, upon its approval, shall apply to
21 taxable years beginning after December 31, 2020.



S.B. NO. 3090
S.D. 1

Report Title:

Agricultural Production Tax Credit

Description:

Establishes an agricultural production tax credit. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

