

STAND. COM. REP. NO.

4

Honolulu, Hawaii

FEB 04 2021

RE: S.B. No. 339  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred S.B. No. 339 entitled:

"A BILL FOR AN ACT RELATING TO THE IMPORTANT AGRICULTURAL  
LAND QUALIFIED AGRICULTURAL COST TAX CREDIT,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Clarify that a taxpayer can claim the important agricultural land qualified agricultural cost tax credit in the third taxable year after application for first-year certification of the credit, rather than in any taxable year after incurring qualified agricultural costs; and
- (2) Extend the expiration of the important agricultural land qualified agricultural cost tax credit from December 31, 2021, to December 31, 2030.

Your Committee received testimony in support of this measure from the Department of Agriculture, Agribusiness Development Corporation, Office of Planning, Land Use Research Foundation of Hawaii, Hawai'i Farm Bureau, Ulupono Initiative LLC, and Kamehameha Schools. Your Committee received comments on this measure from the Department of Taxation and the Tax Foundation of Hawaii.



Your Committee finds that article XI, section 3, of the Hawaii State Constitution provides:

The State shall conserve and protect agricultural lands, promote diversified agriculture, increase agricultural self sufficiency and assure the availability of agriculturally suitable lands. The legislature shall provide standards and criteria to accomplish the foregoing.

Lands identified by the State as important agricultural lands needed to fulfill the purposes above shall not be reclassified by the State or rezoned by its political subdivisions without meeting the standards and criteria established by the legislature and approved by a two-thirds vote of the body responsible for the reclassification or rezoning action.

Your Committee further finds that to address the issue of important agricultural lands, Act 183, Session Laws of Hawaii 2005, established standards, criteria, and mechanisms to identify important agricultural lands and to implement the intent and purpose of article XI, section 3, of the Hawaii Constitution. Act 233, Session Laws of Hawaii 2008, subsequently established incentives under the requirements of Act 183, including the important agricultural land qualified agricultural cost tax credit claimed over a three-year period to help offset costs related to establishing and sustaining viable agricultural operations on important agricultural lands that play a significant role in increasing local food self-sufficiency. Your Committee acknowledges that the State's precarious financial situation due to the coronavirus disease 2019 (COVID-19) pandemic has necessitated a three year-delay for landowners or farmers who are still waiting for potential designations of important agricultural lands by the Land Use Commission.

Your Committee has amended this measure by:

- (1) Indicating in the preamble that the important agricultural land qualified agricultural cost tax credit

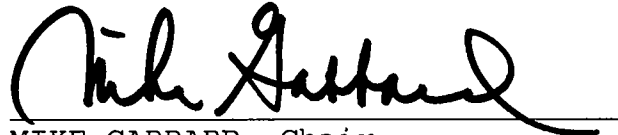


is claimed over a three-year period, and that the State's precarious financial situation necessitates a three-year delay for a landowner or farmer of designated important agricultural lands to claim the important agricultural land qualified agricultural cost tax credit;

- (2) Making it applicable to taxable years beginning after December 31, 2021; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Agriculture and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 339, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 339, S.D. 1, and be referred to your Committee on Ways and Means.

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




MIKE GABBARD, Chair



The Senate  
 Thirty-First Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Agriculture and Environment**  
**AEN**

Bill / Resolution No.:* <b>SB 339</b>	Committee Referral: <b>AEN, WAM</b>	Date: <b>02/01/2021</b>		
<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
GABBARD, Mike (C)	✓			
NISHIHARA, Clarence K. (VC)	✓			
ACASIO, Laura	✓			
RHOADS, Karl	✓			
FEVELLA, Kurt	✓			
<b>TOTAL</b>	<b>5</b>			
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