
A BILL FOR AN ACT

RELATING TO THE IMPORTANT AGRICULTURAL LAND QUALIFIED
AGRICULTURAL COST TAX CREDIT.

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

1 SECTION 1. The legislature finds that the important
2 agricultural land qualified agricultural cost tax credit
3 supports food self-sufficiency by providing tax credits to
4 qualified landowners and farmers to help offset costs related to
5 establishing and sustaining viable agricultural operations.
6 Currently, the important agricultural land qualified
7 agricultural cost tax credit is claimed over a three-year
8 period. The legislature further finds that the ability of
9 taxpayers to claim the tax credit effectively expired when the
10 department of agriculture's certification authority ended on
11 December 31, 2021.

12 Extending the important agricultural land qualified
13 agricultural cost tax credit will provide additional time to
14 allow landowners and farmers to claim the tax credit in the
15 event that their agricultural lands are identified as potential
16 important agricultural lands and subsequently designated as such



1 by the land use commission. The legislature acknowledges the
2 State's precarious financial situation due to the coronavirus
3 disease 2019 (COVID-19) pandemic and finds that it is necessary
4 to allow a three-year delay for a landowner or farmer of
5 designated important agricultural lands to claim the tax credit.

6 The purpose of this Act is to:

7 (1) Clarify that a taxpayer may claim the important
8 agricultural land qualified agricultural cost tax
9 credit in the third taxable year after application for
10 the first year certification of the credit, rather
11 than in the taxable year following the taxable year in
12 which the qualified agricultural costs were incurred;
13 and

14 (2) Extend the expiration date of the department of
15 agriculture's certification authority with regard to
16 the important agricultural land qualified agricultural
17 cost tax credit from December 31, 2021, to December
18 31, 2031.

19 SECTION 2. Section 235-110.93, Hawaii Revised Statutes, is
20 amended as follows:

21 1. By amending subsection (a) to read:



1 "(a) There shall be allowed to each taxpayer an important
2 agricultural land qualified agricultural cost tax credit that
3 may be claimed in taxable years beginning after the taxable year
4 during which the tax credit under section 235-110.46 is
5 repealed, exhausted, or expired. The credit shall be deductible
6 from the taxpayer's net income tax liability, if any, imposed by
7 this chapter for the taxable year in which the credit is
8 properly claimed. The tax credit amount shall be determined as
9 follows:

10 (1) In the first year in which the credit is claimed, the
11 lesser of the following:

12 (A) Twenty-five per cent of the qualified
13 agricultural costs incurred by the taxpayer after
14 July 1, 2008; or

15 (B) \$625,000;

16 (2) In the second year in which the credit is claimed, the
17 lesser of the following:

18 (A) Fifteen per cent of qualified agricultural costs
19 incurred by the taxpayer after July 1, 2008; or

20 (B) \$250,000; and



1 (3) In the third year in which the credit is claimed, the
2 lesser of the following:

3 (A) Ten per cent of the qualified agricultural costs
4 incurred by the taxpayer after July 1, 2008; or

5 (B) \$125,000.

6 The taxpayer may incur qualified agricultural costs during a
7 taxable year in anticipation of claiming the credit in future
8 taxable years during which the credit is available. The
9 taxpayer may first claim the credit no earlier than in [~~any~~] the
10 third taxable year after the taxable year during which the
11 taxpayer [~~incurred the qualified agricultural costs upon which~~
12 ~~the credit is claimed.~~] applied to the department of agriculture
13 for first-year certification of the credit. The taxpayer [~~also~~]
14 may subsequently claim the credit in consecutive or
15 inconsecutive taxable years until exhausted."

16 2. By amending subsection (1) to read:

17 "(1) The department of agriculture shall cease certifying
18 credits pursuant to this section for taxable years beginning
19 after December 31, [~~2021~~] 2031; provided that a taxpayer with
20 accumulated, but unclaimed, certified credits may continue



1 claiming the credits in subsequent taxable years until
2 exhausted."

3 SECTION 3. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 4. This Act, upon its approval, shall apply to
6 taxable years beginning after December 31, 2021.

7

INTRODUCED BY:  _____
JAN 25 2022



H.B. NO. 2190

Report Title:

Income Taxation; Important Agricultural Land Qualified
Agricultural Cost Tax Credit; HDOA; Extension

Description:

Clarifies that a taxpayer may claim the important agricultural land qualified agricultural cost tax credit no earlier than the third taxable year after application for first-year certification of the credit. Extends the time that the department of agriculture may certify the important agricultural land qualified agricultural costs tax credit from 12/31/2021 to 12/31/2031.

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