STAND. COM. REP. NO. 284

Honolulu, Hawaii **FEB 17**, 2021 RE: H.B. No. 874 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-First State Legislature Regular Session of 2021 State of Hawaii

Sir:

Your Committee on Agriculture, to which was referred H.B. No. 874 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 of this measure is to:

- (1) Extend the Important Agricultural Land Qualified Agricultural Cost Tax Credit that will expire at the end of the 2021 tax year; and
- (2) Help the State address its current fiscal shortfall, caused by the COVID-19 pandemic, by delaying taxpayers from claiming and applying the tax credit for at least three full taxable years after the credit is earned.

Your Committee received testimony in support of this measure from the Department of Taxation; Department of Agriculture; Agribusiness Development Corporation; Office of Planning; Hawaii Farm Bureau; Ulupono Initiative; and Carpenter & Carpenter, Inc. Your Committee received comments on this measure from the Tax Foundation of Hawaii.



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Your Committee finds that the continuation of the Important Agricultural Land Qualified Agricultural Cost Tax Credit helps move Hawaii toward greater food self-sufficiency. At the same time, your Committee recognizes the State's dire financial situation, which necessitates a three-year delay in allowing qualified landowners and farmers to claim the credit.

Your Committee has amended this measure by:

- (1) Specifying that it applies to taxable years beginning after December 31, 2021; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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 H.B. No. 874, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 874, H.D. 1, and be referred to your Committee on Finance.

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

MARK J. HASHEM, Chair



State of Hawaii House of Representatives The Thirty-first Legislature HSCR 284

Record of Votes of the Committee on Agriculture

Bill/Resolution No.: 874 Committee Referral: Fin Date: 2/10/2021				
θ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: θ Pass, unamended (as is) Pass, with amendments (HD)-1 θ Hold				
θ Pass short form bill with HD to recommit for future public hearing (recommit)				
AGR Members	Ayes	Ayes (WR)	Nays	Excused
1. HASHEM, Mark J. (C)				
2. PERRUSO, Amy A. (VC)	V The standard state of the sta			
3. LOWEN, Nicole E.			a de la constanción de la constanción Constanción de la constanción de la cons Constanción de la constanción de la cons	
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4. MARTEN, Lisa			n i Miller († 1945) stale se	<u>8 </u>
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5. MATAYOSHI, Scot Z.				
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6. TODD, Chris				
7 TOKIOKA James Kunans				
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8. MATSUMOTO, Lauren				<u> 1997 - Angalazzara an</u>
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TOTAL (8)	8	0	0	0
The recommendation is: Adopted θ Not Adopted				
If joint referral, did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				