

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.



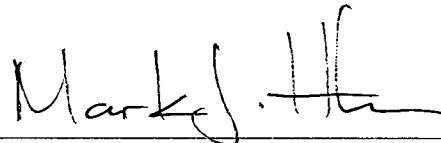
Your Committee finds that the continuation of the Important Agricultural Land Qualified Agricultural Cost Tax Credit helps move Hawaii toward greater food self-sufficiency. At the same time, your Committee recognizes the State's dire financial situation, which necessitates a three-year delay in allowing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



