

STAND. COM. REP. NO. 3036

Honolulu, Hawaii

MAR 04 2022

RE: S.B. No. 2435  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2435 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 amend the important agricultural land qualified agricultural cost tax credit.

More specifically, this measure:

- (1) Clarifies that a taxpayer may claim the important agricultural land qualified agricultural cost tax credit in the third taxable year after application for the first-year certification of the credit, rather than in the taxable year following the taxable year in which the qualified agricultural costs were incurred; and
- (2) Extends the expiration date of the Department of Agriculture's certification authority with regard to the important agricultural land qualified agricultural cost tax credit from December 31, 2021, to December 31, 2031.

Your Committee received written comments in support of this measure from the Department of Agriculture, Office of Planning and



Sustainable Development, Hawaii Farm Bureau, Kamehameha Schools, Land Use Research Foundation of Hawaii, and Ulupono Initiative.

Your Committee received written comments on this measure from the Department of Budget and Finance, Department of Taxation, and Tax Foundation of Hawaii.

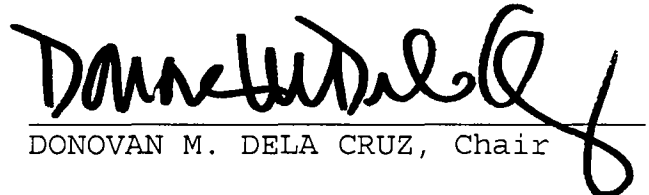
Your Committee finds that the important agricultural land qualified agricultural cost tax credit supports food self-sufficiency by providing tax credits to qualified landowners and farmers to help offset costs related to establishing and sustaining viable agricultural operations. Your Committee also finds that the ability of taxpayers to claim the tax credit effectively expired when the Department of Agriculture's certification authority ended on December 31, 2021.

Your Committee has amended this measure by:

- (1) Removing language imposing a three-year delay for a landowner or farmer of designated important agricultural lands to claim the tax credit;
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (3) Making technical nonsubstantive amendments for purposes of consistency and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2435, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2435, S.D. 1.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
DONOVAN M. DELA CRUZ, Chair



