

STAND. COM. REP. NO. **2617**

Honolulu, Hawaii

FEB 18 2022

RE: S.B. No. 2435

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

Sir:

Your Committee on Agriculture and Environment, 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:

- (1) Clarify 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; and
- (2) Extend the time that the Department of Agriculture may certify the important agricultural land qualified agricultural cost tax credit by ten years from 2021 to 2031.

Your Committee received testimony in support of this measure from Kamehameha Schools; the Land Use Research Foundation of Hawaii; Carpenter & Carpenter, Inc.; Ulupono Initiative; and Hawai'i Farm Bureau. Your Committee received comments on this measure from the Office of Planning and Sustainable Development, Department of Budget and Finance, Department of Taxation, Department of Agriculture, and Tax Foundation of Hawaii.



Your Committee finds that the important agricultural lands qualified agricultural cost tax credit supports food self-sufficiency by providing tax credits to qualified landowners and farmers to offset certain costs related to agricultural operations. However, the tax credit effectively expired in December of 2021. This measure provides landowners and farmers additional time to claim the tax credit and extends the tax credit to 2031.

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. 2435 and recommends that it pass Second Reading 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



