

STAND. COM. REP. NO.

502

Honolulu, Hawaii

FEB 19 2021

RE: S.B. No. 339
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 339, S.D. 1, 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 provide incentives to landowners and farmers to continue agricultural operations on agricultural lands.

Specifically, this measure:

- (1) Extends the time that the Department of Agriculture may certify the important agricultural land qualified agricultural cost tax credit from December 31, 2021, to December 31, 2030; and
- (2) Provides that a taxpayer may claim the important agricultural land qualified agricultural cost tax credit in the third taxable year after application for first-year certification of the credit.

Your Committee received written comments in support of this measure from the Department of Agriculture; Agribusiness Development Corporation; Office of Planning; Carpenter & Carpenter, Inc.; Ulupono Initiative; Hawaii Crop Improvement



Association; Hawaii Farm Bureau; Land Use Research Foundation of Hawaii; Kamehameha Schools; and one individual.

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

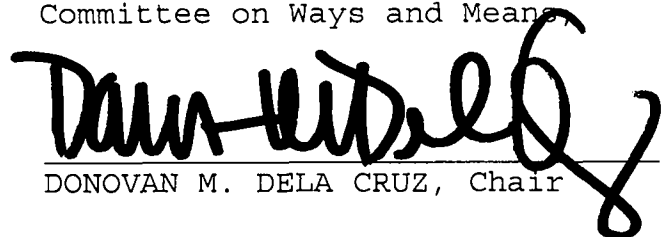
Your Committee finds that the important agricultural land qualified agricultural cost tax credit provides an important incentive to farmers to keep agricultural lands in productivity, thereby increasing the State's food security, sustainability, and economic diversity. Your Committee further finds that this measure will help to ensure that the State's most important agricultural lands remain available for future generations of Hawaii's farmers.

Your Committee has amended this measure by:

- (1) Clarifying that a taxpayer may first claim the tax credit no earlier than in the third taxable year after the taxable year during which the taxpayer applied to the Department of Agriculture for first-year certification of 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 clarity, 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. 339, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 339, S.D. 2.

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




DONOVAN M. DELA CRUZ, Chair



The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:	
SB 339, SD 1	AEN, WAM	2-17-21	
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____			
The Recommendation is:			
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310	<input type="checkbox"/> Recommit 2313
Members	Aye	Aye (WR)	Nay
Excused			
DELA CRUZ, Donovan M. (C)	✓		
KEITH-AGARAN, Gilbert S.C. (VC)	✓		
ENGLISH, J. Kalani	✓		
INOUYE, Lorraine R.	✓		
KANUHA, Dru Mamo	✓		
KIDANI, Michelle N.	✓		
MORIWAKI, Sharon Y.	✓		
SHIMABUKURO, Maile S.L.	✓		
TANIGUCHI, Brian T.	✓		
WAKAI, Glenn			✓
FEVELLA, Kurt	✓		
TOTAL	10		1
Recommendation:			
<input checked="" type="checkbox"/> Adopted		<input type="checkbox"/> Not Adopted	
Chair's or Designee's Signature:			
			
Distribution:			
Original	Yellow	Pink	Goldenrod
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy

*Only one measure per Record of Votes