
A BILL FOR AN ACT

RELATING TO AGRICULTURE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

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PART I

SECTION 1. (a) There is established within the department of agriculture an agricultural import replacement task force to identify the top ten fruit and vegetable imports to the State that can be commercially grown by farmers in the State.

(b) The task force shall consist of the following members:

(1) A representative from the department of agriculture;

(2) A representative from the university of Hawaii at Manoa college of tropical agriculture and human resources;

(3) The assistant superintendent of the office of facilities and operations of the department of education;

(4) A representative from the office of economic development of the county of Kauai;

(5) A representative from the office of economic development of the county of Maui;



1 (6) A representative from the department of research and
2 development of the county of Hawaii; and

3 (7) A representative from the office of economic
4 revitalization of the city and county of Honolulu.

5 (c) The task force shall invite a representative of the
6 Hawaii Farm Bureau to be a member of the task force.

7 (d) The task force shall invite a representative of the
8 Hawaii Farmers Union United to be a member of the task force.

9 (e) The task force shall submit a report of its findings
10 and recommendations, including any proposed legislation, to the
11 legislature no later than December 1, 2024.

12 (f) The task force shall be dissolved on June 30, 2025.

13 PART II

14 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
15 amended by adding a new section to be appropriately designated
16 and to read as follows:

17 "§235- Agricultural import replacement tax credit. (a)
18 There shall be allowed to each qualified taxpayer subject to the
19 tax imposed under this chapter, an income tax credit that shall
20 be deductible from the taxpayer's net income tax liability, if



1 any, imposed by this chapter for the taxable year in which the
2 credit is properly claimed.

3 (b) The amount of the tax credit shall be equal to the
4 qualified expenses of the qualified taxpayer, up to a maximum of
5 \$ _____ in any taxable year.

6 (c) In the case of a partnership, S corporation, estate,
7 or trust, the tax credit allowable is for qualified expenses
8 incurred by the entity for the taxable year. The expenses upon
9 which the tax credit is computed shall be determined at the
10 entity level. Distribution and share of credit shall be
11 determined pursuant to section 704(b) of the Internal Revenue
12 Code.

13 (d) The amount of the tax credits allowed under this
14 section shall not exceed \$5,000,000 for all qualified taxpayers
15 in any taxable year; provided that any taxpayer who is not
16 eligible to claim the credit in a taxable year due to the
17 \$5,000,000 tax credit cap being reached for that taxable year
18 shall be eligible to claim the credit in the subsequent taxable
19 year.

20 (e) Every qualified taxpayer, before March 31 of each year
21 in which qualified expenses were incurred by the taxpayer in the



1 previous taxable year, shall submit a written, certified
2 statement to the chairperson of the board of agriculture
3 identifying:

4 (1) Qualified expenses incurred in the previous year; and
5 (2) The amount of the tax credit claimed by the taxpayer
6 pursuant to this section, if any, in the previous
7 taxable year.

8 (f) The department of agriculture shall:

9 (1) Maintain records of the names and addresses of the
10 qualified taxpayers claiming the credits under this
11 section and the total amount of the qualified expenses
12 upon which the tax credits are based;

13 (2) Verify the nature and amount of the qualified
14 expenses;

15 (3) Total all qualified and cumulative expenses that the
16 department certifies; and

17 (4) Certify the amount of the tax credit for each taxpayer
18 of each taxable year and the cumulative amount of the
19 tax credit.

20 Upon each determination made under this subsection, the
21 department of agriculture shall issue a certificate to the



1 taxpayer verifying information submitted to the department of
2 agriculture, including amounts of qualified expenses, the credit
3 amount certified for the taxpayer for each taxable year, and the
4 cumulative amount of tax credits certified. The taxpayer shall
5 file the certificate with the taxpayer's tax return with the
6 department of taxation.

7 The board of agriculture may assess and collect a fee to
8 offset the costs of certifying tax credit claims under this
9 section.

10 (g) The director of taxation:

11 (1) Shall prepare any forms that may be necessary to claim
12 a tax credit under this section;

13 (2) May require the taxpayer to furnish reasonable
14 information to ascertain the validity of the claim for
15 the tax credit made under this section; and

16 (3) May adopt rules under chapter 91 necessary to
17 effectuate the purposes of this section.

18 (h) If the tax credit under this section exceeds the
19 taxpayer's net income tax liability, the excess of the credit
20 over liability may be used as a credit against the taxpayer's
21 net income tax liability in subsequent years until exhausted.



1 All claims for the tax credit under this section, including
2 amended claims, shall be filed on or before the end of the
3 twelfth month following the close of the taxable year for which
4 the credit may be claimed. Failure to comply with the foregoing
5 provision shall constitute a waiver of the right to claim the
6 credit.

7 (i) As used in this section:

8 "Agricultural imports" means the top ten fruits or
9 vegetables, as identified by the agricultural import replacement
10 task force established by Act _____, Session Laws of Hawaii 2023,
11 that are imported into the State but may be commercially grown
12 in the State.

13 "Agricultural import replacements" means the fruits or
14 vegetables grown and sold for consumption or for use by business
15 entities that are the same types of fruits and vegetables
16 identified by the agricultural import replacement task force
17 established by Act _____, Session Laws of Hawaii 2023, as
18 agricultural imports.

19 "Net income tax liability" means income tax liability
20 reduced by all other credits allowed under this chapter.



1 "Qualified expenses" means expenses incurred by a qualified
2 taxpayer to produce agricultural import replacements.

3 "Qualified expenses" includes costs for any equipment,
4 materials, or supplies necessary to grow agricultural import
5 replacements.

6 "Qualified taxpayer" means any person, limited liability
7 company, S corporation, partnership, sole proprietorship, non-
8 profit organization, or agricultural cooperative that is engaged
9 in the growing or production of agricultural import replacements
10 and meets any necessary insurance requirements."

11 PART III

12 SECTION 3. New statutory material is underscored.

13 SECTION 4. This Act shall take effect on June 30, 3000;
14 provided that part 2 of this Act shall apply to taxable years
15 beginning after December 31, 2024.

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Report Title:

Agricultural Imports Replacement; Task Force; Income Tax Credit

Description:

Establishes a task force to identify the top ten fruits or vegetables that are imported into the State but may be commercially grown in the State. Creates an income tax credit to incentivize the production of those fruits or vegetables to obviate the need to import them into the State. Effective 6/30/3000. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

