

Honolulu, Hawaii

FEB 13 2025

RE: S.B. No. 1260

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred S.B. No. 1260 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose and intent of this measure is to establish an Agroecological and Climate-Smart Farming Practices Tax Credit (Tax Credit).

Your Committee received testimony in support of this measure from Kanalani Ohana Farm, Hawai'i Food+ Policy, Climate Protectors Hawaii, 'Āina Design Corp, Hawai'i Farmers Union United, and one individual.

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

Your Committee finds that agroecological and climate-smart farming practices promote soil quality and health, proactive pest management, and crop diversity, especially the production of culturally important foods. According to testimony received by your Committee, farmers, ranchers, and land stewards should not carry the costs and risks of these practices when the general public will benefit. By incentivizing the adoption of agroecological and climate-smart farming practices, this measure



enhances the food security of the State and ability for farmers to meet the State's local food production goals.

Your Committee has amended this measure by:

- (1) Specifying that the amount of the Tax Credit shall be equal to an unspecified percent of the qualified expenses of the qualified taxpayer, up to a maximum of \$25,000 per taxable year;
- (2) Inserting a cap amount of \$1,000,000 on the total amount of tax credits for all qualified taxpayers in any taxable year;
- (3) Inserting language that sets a five-year deadline for which the Tax Credit may be claimed and exhausted;
- (4) Deleting language that would have required the Board of Agriculture to maintain certain records, verify the nature and amount of qualified expenses, certify the tax credits, and total all qualified expenses certified, and replacing it with language that requires the Board, in conjunction with the Department of Taxation, to establish clear standards for certifying qualified expenses and eligible farming practices;
- (5) Inserting language to include certain Native Hawaiian agricultural systems in the definition of "agroecological and climate-smart farming practices";
- (6) Inserting a definition for "qualified expenses"; and
- (7) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

Your Committee notes that there is a need to further clarify the definition for "qualified expenses" and respectfully requests that the Department of Agriculture submit suggestions for consideration to subsequent Committees to which this measure is referred as it moves through the legislative process.

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. 1260, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1260, S.D. 1, 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



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Agriculture and Environment
AEN

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1260	AEN, WAM	2/10/25		
<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
GABBARD, Mike (C)	X			
RICHARDS, III, Herbert M. "Tim" (VC)	X			
DECOITE, Lynn	X			
RHOADS, Karl	X			
AWA, Brenton	X			
TOTAL	5	0	0	0
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