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# A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

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

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

6           (1) A representative from the department of agriculture;

7           (2) A representative from the University of Hawaii at  
8           Manoa college of tropical agriculture and human  
9           resources; and

10          (3) The assistant superintendent of the office of  
11          facilities and operations from the department of  
12          education.

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

15          (d) The task force shall submit a report of its findings  
16          and recommendations, including any proposed legislation, to the  
17          legislature no later than December 1, 2024.



1 (e) The task force shall be dissolved on June 30, 2025.

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

5 "§235- Agricultural import replacement tax credit. (a)

6 There shall be allowed to each qualified taxpayer subject to the  
7 tax imposed under this chapter, an income tax credit that shall  
8 be deductible from the taxpayer's net income tax liability, if  
9 any, imposed by this chapter for the taxable year in which the  
10 credit is properly claimed.

11 (b) The amount of the tax credit shall be equal to the  
12 qualified expenses of the qualified taxpayer, up to a maximum of  
13 \$ \_\_\_\_\_ in any taxable year.

14 (c) In the case of a partnership, S corporation, estate,  
15 or trust, the tax credit allowable is for qualified expenses  
16 incurred by the entity for the taxable year. The expenses upon  
17 which the tax credit is computed shall be determined at the  
18 entity level. Distribution and share of credit shall be  
19 determined pursuant to section 704(b) of the Internal Revenue  
20 Code.



1       (d) The amount of the tax credits allowed under this  
2 section shall not exceed \$5,000,000 for all qualified taxpayers  
3 in any taxable year; provided that any taxpayer who is not  
4 eligible to claim the credit in a taxable year due to the  
5 \$5,000,000 tax credit cap being reached for that taxable year  
6 shall be eligible to claim the credit in the subsequent taxable  
7 year.

8       (e) Every qualified taxpayer, before March 31 of each year  
9 in which qualified expenses were incurred by the taxpayer in the  
10 previous taxable year, shall submit a written, certified  
11 statement to the chairperson of the board of agriculture  
12 identifying:

13       (1) Qualified expenses incurred in the previous year; and  
14       (2) The amount of the tax credit claimed by the taxpayer  
15       pursuant to this section, if any, in the previous  
16       taxable year.

17       (f) The department of agriculture shall:

18       (1) Maintain records of the names and addresses of the  
19       qualified taxpayers claiming the credits under this  
20       section and the total amount of the qualified expenses  
21       upon which the tax credits are based;



- 1        (2) Verify the nature and amount of the qualified
- 2            expenses;
- 3        (3) Total all qualified and cumulative expenses that the
- 4            department certifies; and
- 5        (4) Certify the amount of the tax credit for each taxpayer
- 6            of each taxable year and the cumulative amount of the
- 7            tax credit.

8        Upon each determination made under this subsection, the  
9 department of agriculture shall issue a certificate to the  
10 taxpayer verifying information submitted to the department of  
11 agriculture, including amounts of qualified expenses, the credit  
12 amount certified for the taxpayer for each taxable year, and the  
13 cumulative amount of tax credits certified. The taxpayer shall  
14 file the certificate with the taxpayer's tax return with the  
15 department of taxation.

16        The board of agriculture may assess and collect a fee to  
17 offset the costs of certifying tax credit claims under this  
18 section.

19        (g) The director of taxation:

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



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

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

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

10       All claims for the tax credit under this section, including  
11           amended claims, shall be filed on or before the end of the  
12           twelfth month following the close of the taxable year for which  
13           the credit may be claimed. Failure to comply with the foregoing  
14           provision shall constitute a waiver of the right to claim the  
15           credit.

16       (i) As used in this section:

17           "Agricultural imports" means the top ten fruits or  
18           vegetables, as identified by the agricultural import replacement  
19           task force established by Act       , Session Laws of Hawaii 2023,  
20           that are imported into the State but may be commercially grown  
21           in the State.



1       "Agricultural import replacements" means the fruits or  
2 vegetables grown and sold for consumption or for use by business  
3 entities that are the same types of fruits and vegetables  
4 identified by the agricultural import replacement task force  
5 established by Act       , Session Laws of Hawaii 2023, as  
6 agricultural imports.

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

9       "Qualified expenses" means expenses incurred by a qualified  
10 taxpayer to produce agricultural import replacements.

11 "Qualified expenses" includes costs for any equipment,  
12 materials, or supplies necessary to grow agricultural import  
13 replacements.

14       "Qualified taxpayer" means any person, limited liability  
15 company, S corporation, partnership, sole proprietorship, non-  
16 profit organization, or agricultural cooperative that is engaged  
17 in the growing or production of agricultural import replacements  
18 and meets any necessary insurance requirements."

19       SECTION 3. New statutory material is underscored.



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

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# H.B. NO. 1383 H.D. 1

**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. (HD1)

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

