

STAND. COM. REP. NO.

649

Honolulu, Hawaii

, 2025

FEB 14

RE: H.B. No. 92

H.D. 2

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Agriculture & Food Systems, to which was referred H.B. No. 92, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose of this measure is to include agricultural businesses as a qualified high technology business to receive tax credits for certain research activities.

Your Committee received testimony in support of this measure from the Agribusiness Development Corporation; Hawaii Crop Improvement Association; and Corteva Agriscience. Your Committee received comments on this measure from the Department of the Attorney General and Tax Foundation of Hawaii.

Your Committee finds that Hawaii's agricultural industry faces increasing challenges, including climate change impacts, rising production costs, and the need to meet growing consumer demand. To support innovation and sustainability in the sector, this measure expands the State's research and development tax credit by including agricultural businesses as qualified high technology businesses, allowing them to benefit from tax incentives for research activities. By incentivizing investment in agricultural research and development, this measure further fosters the development of advanced farming technologies and



strengthens Hawaii's economy, ultimately enhancing food security and economic resilience.

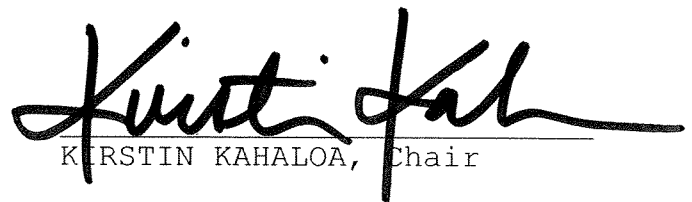
Your Committee has amended this measure by:

- (1) Clarifying the definitions for "qualified high technology business" and "small business";
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee respectfully requests your Committee on Finance, should it deliberate on this measure, to consider that the provisions of this measure should apply to taxable years beginning after December 31, 2025.

As affirmed by the record of votes of the members of your Committee on Agriculture & Food Systems that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 92, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 92, H.D. 2, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Agriculture & Food
Systems,


KIRSTIN KAHALOA, Chair



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