STAND. COM. REP. NO. 1885

Honolulu, Hawaii

, 2007

RE: S.B. No. 1221

S.D. 2 H.D. 2

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fourth State Legislature Regular Session of 2007 State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 1221, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURAL TAXATION,"

begs leave to report as follows:

The purpose of this bill is to support Hawaii's agricultural industry and provide incentives for the designation of Important Agricultural Lands (IALs) by establishing the Important Agricultural Land Agricultural Business Tax Credit amounting to 50 percent of qualified agricultural costs over a three-year schedule as follows:

- (1) 25 percent of the qualified agricultural costs, up to an unspecified maximum, in the year the qualified agricultural costs are incurred;
- (2) 15 percent of the qualified agricultural costs, up to an unspecified maximum, in the year following the year in which the qualified agricultural costs are incurred; and
- (3) 10 percent of the qualified agricultural costs, up to an unspecified maximum, in the second year following the year in which the qualified agricultural costs are incurred.

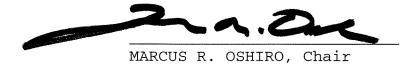
The Department of Agriculture, Land Use Research Foundation of Hawaii, and the Hawaii Crop Improvement Association supported this bill. Alexander & Baldwin, Inc., Hawaiian Commercial & Sugar Company, Kauai Coffee Company, Inc., and Hawaii Farm Bureau Federation supported this bill with amendments. The Hawaii Agriculture Research Center supported the intent of this measure. The Department of Taxation and the Tax Foundation of Hawaii submitted comments.

Your Committee has amended this measure by deleting its contents and inserting the substance of House Bill No. 902, H.D. 2, with additional amendments. As amended, this bill:

- (1) Establishes the Important Agricultural Land Agricultural Business Tax Credit amounting to 100 percent of qualified agricultural costs incurred by an agricultural business during the taxable year; and
- (2) Contains an effective date of July 1, 2020, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1221, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1221, S.D. 2, H.D. 2.

Respectfully submitted on behalf of the members of the Committee on Finance,



State of Hawaii House of Representatives The Twenty-fourth Legislature

HSCP 1885

Record of Votes of the Committee on Finance

Bill/Resolution No.: SB 1221 SD2 HD	Date:	4/2/0	7	
SB 1221 SD2 HD Committee Referral: AGR/EDB, FIN	The committee is reconsidering its previous decision on the measure.			
The recommendation is to: Pass, unamended	` /			
☐ Hold	Pass, with amendments, for recommittal for further consideration			
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	ν			
2. LEE, Marilyn B. (VC)				
3. BELATTI, Della Au		V		
4. BROWER, Tom	ν			
5. CARROLL, Mele	V		·	
6. CHONG, Pono	· ·			
7. HANOHANO, Faye P.	V			
8. HAR, Sharon E.	V			
9. MAGAOAY, Michael Y.				
10. MANAHAN, Joey	<u> </u>			
11. MIZUNO, John	<u></u>			
12. NAKASONE, Bob	V			
13. RHOADS, Karl	<u></u>			
14. SAGUM, Roland D., III	ν			
15. TOKIOKA, James Kunane	L			
16. AWANA, Karen Leinani	V			
17. MEYER, Colleen Rose				
18. WARD, Gene, Ph.D.	✓			
TOTAL	17		0	0
The recommendation is:				
☐ Not Adopted				
If joint referral, did not support recommendation.				
committee acronym(s)				
Maril R. Lee				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – HMSO Duplicate (Pink) – Clerk's Office				