STAND. COM. REP. NO. 1756 -08

Honolulu, Hawaii

·2008

RE: S.B.

S.B. No. 2198

S.D. 2 H.D. 2

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fourth State Legislature Regular Session of 2008 State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 2198, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO LAND CONSERVATION,"

begs leave to report as follows:

The purpose of this bill is to encourage the protection and preservation of land in the state by establishing a Land Conservation Incentives Tax Credit (Tax Credit). Specifically, this bill allows taxpayers to deduct:

- (1) 50 percent of the value of the interest in lands donated in perpetuity or sold in a bargain sale for conservation purposes to the State or a conservation agency; or
- (2) 50 percent of the amount invested in the management of lands for conservation purposes under an agreement with a conservation purpose,

up to \$2,500,000, from their net income tax liability.

The Department of Land and Natural Resources, Department of Agriculture, The Nature Conservancy of Hawaii, The Trust for Public Land, Hawaii Audubon Society, Hawaii Agriculture Research Center, and several concerned individuals supported this bill. The Department of Taxation, Office of Planning, Office of Hawaiian Affairs, and the Tax Foundation of Hawaii provided comments.

SB2198 HD2 HSCR FIN HMS 2008-3541

Your Committee has amended this bill by, among other things:

- (1) Reinstating language requiring a qualified appraisal prepared by a qualified appraiser to substantiate the fair market value of donations:
- (2) Subjecting all appraisals submitted to substantiate fair market value of donations to the requirements of applicable federal law and regulations governing charitable contributions, including penalties for valuation misstatements;
- (3) Conferring the Chairperson of the Board of Agriculture with rule-making authority to effectuate this Act;
- (4) Conferring the Chairpersons of the Board of Agriculture and the Board of Land and Natural Resources with rule-making authority to certify that donations or investments claimed for a tax credit fulfill a conservation or preservation purpose;
- (5) Reinstating language providing that the state agency that certifies that a protected resource is significant or important to work with the taxpayer to identify opportunities for public access, if appropriate and reasonable;
- (6) Providing that this tax credit shall not prevent the exercise of any rights of native Hawaiians from practicing traditional and customary practices as provided by law;
- (7) Making the tax credit applicable to taxable years after December 31, 2007;
- (8) Repealing the tax credit on December 31, 2010;
- (9) Limiting the total amount of the tax credit to \$3,000,000 for all taxpayers for all years;
- (10) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (11) Making technical, nonsubstantive amendments for style, clarity, and consistency.

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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. 2198, 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. 2198, S.D. 2, H.D. 2.

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

MARCUS R. OSHIRO, Chair

State of Hawaii



Record of Votes of the Committee on Finance

Bill/Resolution No.:	Committee		Date		
SB 2198, SD2, HD1	WLH	/AGR, FI	N = 3	-31-2008	And the second s
☐ The committee is reconsidering its previous decision on the measure.					
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)					
FIN Members		Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)		V			
2. LEE, Marilyn B. (VC)		/			
3. AWANA, Karen Leinani					
4. BELATTI, Della Au					
5. BROWER, Tom					
6. CARROLL, Mele					
7. HANOHANO, Faye P.		ν			
8. HAR, Sharon E.		V			
9. KARAMATSU, Jon Riki		<u> </u>			
10. MAGAOAY, Michael Y.		~			
11. MANAHAN, Joey		~			
12. MIZUNO, John		<u></u>			
13. NAKASONE, Bob					
14. RHOADS, Karl		<i>'</i>			
15. SAGUM, Roland D., III					
16. TOKIOKA, James Kunane		1			
17. MEYER, Colleen Rose					
18. PINE, Kymberly Marcos		V			
19. WARD, Gene, Ph.D.		~			

TOTAL (19)		16		\bigcirc	2
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)					
Vice Chair's or designee's signature: Marily B. Lel					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office					