STAND. COM. REP. NO. 1554

Honolulu, Hawaii

April 8 , 2011

RE: S.B. No. 1393

S.D. 2 H.D. 2

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Sixth State Legislature Regular Session of 2011 State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 1393, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose of this bill is to promote aquaculture and infrastructure development by:

- (1) Stipulating that dams and related reservoir areas designated as important agricultural lands (IALs) shall be eligible for inclusion in the total acreage calculation for IALs and shall qualify for IAL incentives; provided that the dams and reservoirs are located within property designated as IALs and provide irrigation water to agricultural lands the majority of which are IALs;
- (2) Establishing an income tax credit amounting to a percentage of all costs incurred by a taxpayer as a result of dam or reservoir remediation measures taken as directed by the Department of Land and Natural Resources (DLNR); and
- (3) Establishing an income tax credit amounting to a percentage of the cost of capital investments in aquacultural facilities.

Hawaii Farm Bureau Federation; Land Use Research Foundation of Hawaii; Alexander & Baldwin, Inc.; Hawaiian Commercial & Sugar Company; Kauai Coffee Company; Grove Farm Company, Inc.; and Hawaii Cattlemen's Council supported this bill. The Department of Taxation opposed this bill. The Department of Agriculture, DLNR, Office of Planning, Tax Foundation of Hawaii, and Monsanto Hawaii submitted comments.

Your Committee has amended this bill by:

- (1) Deleting the provisions establishing two income tax credits equal to a percentage of:
 - (A) All costs incurred by a taxpayer as a result of dam or reservoir remediation measures taken as directed by DLNR; and
 - (B) The cost of capital investments in aquacultural facilities;

and

(2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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. 1393, 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. 1393, 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 House of Representatives The Twenty-sixth Legislature

HSCR 1554

Record of Votes of the Committee on Finance

	aRIWLO,FI	N Date	4/6/11	,
☐ 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)	V			
3. CHONG, Pono		·		
4. CHOY, Isaac W.	L			
5. CULLEN, Ty	V			
6. HAR, Sharon E.	V			
7. HASHEM, Mark J.	V			
8. ICHIYAMA, Linda	V			
9. JORDAN, Jo	V	1		
10. KAWAKAMI, Derek S.K.	<i>\\</i>			
11. LEE, Chris	U			
12. MORIKAWA, Dee	L			
13. TOKIOKA, James Kunane	<u></u>			
14. YAMASHITA, Kyle T.	V			
15. MARUMOTO, Barbara C.	L	10		
16. RIVIERE, Gil	<u> </u>			
17. WARD, Gene				
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TOTAL (17)	17		\Diamond	
The recommendation is: Adopted				
Vice Chair's or designee's signature: Maif 3 Lev				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				