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Honolulu, Hawaii

FEB 01 2018

RE: S.B. No. 2074

Honorable Ronald D. Kouchi President of the Senate Twenty-Ninth State Legislature Regular Session of 2018 State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred S.B. No. 2074 entitled:

"A BILL FOR AN ACT RELATING TO THE IMPORTANT AGRICULTURAL LAND QUALIFIED AGRICULTURAL COST TAX CREDIT,"

begs leave to report as follows:

The purpose and intent of this measure is to extend the period of time during which the Department of Agriculture may certify important agricultural land qualified agricultural cost tax credits.

Your Committee received testimony in support of this measure from the Department of Agriculture; Hawai'i Farm Bureau; Hawaii Crop Improvement Association; Hawaii Farm Bureau Federation; Maui County Farm Bureau; Hawaii Cattlemen's Council, Inc.; Oahu County Legislative Priorities Committee of the Democratic Party of Hawaii; and Kekaha Agriculture Association. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that article XI, section 3, of the Hawaii State Constitution provides:

The State shall conserve and protect agricultural lands, promote diversified agriculture, increase agricultural self sufficiency and assure the availability of

agriculturally suitable lands. The legislature shall provide standards and criteria to accomplish the foregoing.

Lands identified by the State as important agricultural lands needed to fulfill the purposes above shall not be reclassified by the State or rezoned by its political subdivisions without meeting the standards and criteria established by the legislature and approved by a two-thirds vote of the body responsible for the reclassification or rezoning action.

Your Committee further finds that to address the issue of important agricultural lands, Act 183, Session Laws of Hawaii 2005 (Act 183), established standards, criteria, and mechanisms to identify important agricultural lands and to implement the intent and purpose of article XI, section 3, of the Hawaii State Constitution. Act 233, Session Laws of Hawaii 2008, subsequently established incentives under the requirements of Act 183, including the important agricultural land qualified agricultural cost tax credit. Your Committee finds that this measure provides additional time for certification of such tax credits to allow landowners and farmers to claim the tax credit in the event their agricultural lands are identified as potential important agricultural lands and designated as such by the Land Use Commission.

Your Committee recommends that your Committee on Ways and Means consider minimum lot size or other clear, definitive terms to discourage lot sizes as small as two acres, and consider safeguards to prevent "fake farms" and encourage true agricultural use of important agricultural lands.

As affirmed by the record of votes of the members of your Committee on Agriculture and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2074 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committee on Agriculture and Environment,

MIKE GABBARD, Chair

The Senate Twenty-Ninth Legislature State of Hawaiʻi

Record of Votes Committee on Agriculture and Environment AEN

The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: The Recommendation is: Pass, unamended Pass, with amendments Hold Recommit 2312 Members Aye Aye (WR) Nay Excused GABBARD, Mike (C) RIVIERE, Gil (VC) NISHIHARA, Clarence K. RHOADS, Karl RUDERMAN, Russell E. TOTAL Recommendation: Adopted Not Adopted Chair's or Designee's Signature: Distribution: Original Yellow Pink Goldenod Cladde Office Prefiting Appage Committee Eller Conv.	Bill / Resolution No.:*	Committee	Referral:	Da	te:		
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