
A BILL FOR AN ACT

RELATING TO THE IMPORTANT AGRICULTURAL LAND QUALIFIED
AGRICULTURAL COST TAX CREDIT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to extend the
2 important agricultural land qualified agricultural cost tax
3 credit that will expire at the end of the 2021 tax year. The
4 important agricultural land qualified cost tax credit supports
5 food self-sufficiency by providing tax credits to qualified
6 landowners and farmers to help offset costs related to
7 establishing and sustaining viable agricultural operations.
8 This extension will provide additional time to allow landowners
9 and farmers to claim the tax credit in the event their
10 agricultural lands are identified as potential important
11 agricultural lands and designated as such by the land use
12 commission.

13 SECTION 2. Section 235-110.93, Hawaii Revised Statutes, is
14 amended as follows:



1 1. By amending subsection (a) to read:

2 "(a) There shall be allowed to each taxpayer an important
3 agricultural land qualified agricultural cost tax credit that
4 may be claimed in taxable years beginning after the taxable year
5 during which the tax credit under section 235-110.46 is
6 repealed, exhausted, or expired. The credit shall be deductible
7 from the taxpayer's net income tax liability, if any, imposed by
8 this chapter for the taxable year in which the credit is
9 properly claimed. The tax credit amount shall be determined as
10 follows:

11 (1) In the first year in which the credit is claimed, the
12 lesser of the following:

13 (A) Twenty-five per cent of the qualified
14 agricultural costs incurred by the taxpayer after
15 July 1, 2008; or

16 (B) \$625,000;

17 (2) In the second year in which the credit is claimed, the
18 lesser of the following:

19 (A) Fifteen per cent of qualified agricultural costs
20 incurred by the taxpayer after July 1, 2008; or

21 (B) \$250,000; and



1 (3) In the third year in which the credit is claimed, the
2 lesser of the following:

3 (A) Ten per cent of the qualified agricultural costs
4 incurred by the taxpayer after July 1, 2008; or

5 (B) \$125,000.

6 The taxpayer may incur qualified agricultural costs during a
7 taxable year in anticipation of claiming the credit in future
8 taxable years during which the credit is available. The
9 taxpayer may claim the credit in ~~[any]~~ the third taxable year
10 after the taxable year during which the taxpayer ~~[incurred the~~
11 ~~qualified agricultural costs upon which the credit is claimed.]~~
12 applied to the department of agriculture for first-year
13 certification of the credit. The taxpayer ~~[also]~~ may
14 subsequently claim the credit in consecutive or inconsecutive
15 taxable years until exhausted."

16 2. By amending subsection (1) to read:

17 "(1) The department of agriculture shall cease certifying
18 credits pursuant to this section for taxable years beginning
19 after December 31, ~~[2021;]~~ 2031; provided that a taxpayer with
20 accumulated, but unclaimed, certified credits may continue



1 claiming the credits in subsequent taxable years until
2 exhausted."

3 SECTION 3. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 4. This Act, upon its approval, shall apply to
6 taxable years beginning after December 31, 2021.



Report Title:

Important Agricultural Land Qualified Agricultural Costs Tax Credit; Extension

Description:

Extends through the 2031 tax year the important agricultural land qualified agricultural cost tax credit. Delays taxpayers from claiming and applying the tax credit for at least three full taxable years after credit is earned, to help address State's current fiscal concerns. Applies to taxable years beginning after December 31, 2021. (HD1)

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