
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 legislature finds that the important
2 agricultural land qualified cost tax credit supports food self-
3 sufficiency by providing tax credits to qualified landowners and
4 farmers to help offset costs related to establishing and
5 sustaining viable agricultural operations. Currently, the
6 important agricultural land qualified agricultural cost tax
7 credit is claimed over a three-year period. The legislature
8 further finds that this tax credit is set to expire at the end
9 of the 2021 tax year.

10 Extending the important agricultural land qualified cost
11 tax credit will provide additional time to allow landowners and
12 farmers to claim the tax credit in the event that their
13 agricultural lands are identified as potential important
14 agricultural lands and designated as such by the land use
15 commission. The legislature acknowledges the State's precarious
16 financial situation due to the coronavirus disease 2019 pandemic



1 and finds it is necessary to allow a three-year delay for a
2 landowner or farmer of designated important agricultural lands
3 to claim the tax credit.

4 The purpose of this Act is to:

- 5 (1) Clarify that a taxpayer may claim the important
6 agricultural land qualified cost tax credit in the
7 third taxable year after application for the first
8 year certification of the credit, rather than in the
9 taxable year following the taxable year in which the
10 qualified agricultural costs were incurred; and
11 (2) Extend the expiration of the important agricultural
12 land qualified agricultural cost tax credit from
13 December 31, 2021, to December 31, 2030.

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

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

17 "(a) There shall be allowed to each taxpayer an important
18 agricultural land qualified agricultural cost tax credit that
19 may be claimed in taxable years beginning after the taxable year
20 during which the tax credit under section 235-110.46 is
21 repealed, exhausted, or expired. The credit shall be deductible



1 from the taxpayer's net income tax liability, if any, imposed by
2 this chapter for the taxable year in which the credit is
3 properly claimed. The tax credit amount shall be determined as
4 follows:

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

7 (A) Twenty-five per cent of the qualified
8 agricultural costs incurred by the taxpayer after
9 July 1, 2008; or

10 (B) \$625,000;

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

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

15 (B) \$250,000; and

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

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

20 (B) \$125,000.



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

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

12 "(1) The department of agriculture shall cease certifying
13 credits pursuant to this section for taxable years beginning
14 after December 31, [~~2021;~~] 2030; provided that a taxpayer with
15 accumulated, but unclaimed, certified credits may continue
16 claiming the credits in subsequent taxable years until
17 exhausted."

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

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



Report Title:

Important Agricultural Land Qualified Agricultural Cost Tax
Credit; Extension

Description:

Clarifies that a taxpayer can claim the important agricultural land qualified agricultural cost tax credit in the third taxable year after application for first-year certification of the credit, rather than in any taxable year following the taxable year in which qualified agricultural costs were incurred. Extends the time that the department of agriculture may certify the important agricultural land qualified agricultural costs tax credit from 12/31/2021 to 12/31/2030. (SD1)

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