

JAN 22 2021

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. The legislature
6 further finds that this tax credit is set to expire at the end
7 of the 2021 tax year. Extending the important agricultural land
8 qualified cost tax credit will provide additional time to allow
9 landowners and farmers to claim the tax credit in the event that
10 their agricultural lands are identified as potential important
11 agricultural lands and designated as such by the land use
12 commission.

13 The purpose of this Act is to:

14 (1) Clarify that a taxpayer can claim the credit in the
15 third taxable year after they apply for the credit,
16 rather than in any taxable year; and



1 (2) Extend the expiration of the important agricultural
2 land qualified agricultural cost tax credit from
3 December 31, 2021, to December 31, 2030.

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

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

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11 repealed, exhausted, or expired.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

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

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

21 (B) \$625,000;



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

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

5 (B) \$250,000; and

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

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

10 (B) \$125,000.

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

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



S.B. NO. 339

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

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

9 SECTION 4. This Act shall take effect upon its approval.

10

INTRODUCED BY:





S.B. NO. 339

Report Title:

Important Agricultural Land Qualified Agricultural Cost Tax Credit; Extension

Description:

Clarifies that a taxpayer can claim the credit in the third taxable year after they apply for the credit, rather than in any taxable year. 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.

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