
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that increasing local
2 food production for local consumption is an issue of statewide
3 interest. Strengthening the local agricultural industry in a
4 way that revitalizes food systems can provide economic, social,
5 ecological, and public health benefits for the lands, waters,
6 and people of Hawaii.

7 The legislature further finds that Hawaii farmers, fishers,
8 and ranchers need support to alleviate the high costs associated
9 with agricultural production in the islands. Ensuring the
10 viability of local food producers is critical to the State's
11 progress toward the goals outlined in the Aloha+ challenge.

12 The purpose of this Act is to establish an income tax
13 credit to alleviate the high costs of production for Hawaii's
14 farmers, ranchers, and fishers and incentivize growth in the
15 agricultural sector.



1 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to part VI to be appropriately
3 designated and to read as follows:

4 "§235- Farming income tax credit. (a) There shall be
5 allowed to each eligible farmer subject to the tax imposed under
6 this chapter, an income tax credit that shall be deductible from
7 the eligible farmer's net income tax liability, if any, imposed
8 by this chapter for the taxable year in which the credit is
9 properly claimed.

10 (b) The amount of the tax credit shall be equal to a
11 percentage of the eligible farmers tax liability based on net
12 farm income as follows:

13 (1) Fifteen per cent of net farm income included in
14 federal adjusted gross income for a farmer or farm
15 business with less than \$250,000 in net farm income;

16 and

17 (2) Ten per cent of net income included in federal
18 adjusted gross income for a farmer or farm business
19 with net farm income equal to or greater than \$250,000
20 and less than \$1,000,000.



1 (c) All claims for the tax credit under this section,
2 including amended claims, shall be filed on or before the end of
3 the twelfth month following the close of the taxable year for
4 which the credit may be claimed. Failure to comply with the
5 foregoing provision shall constitute a waiver of the right to
6 claim the credit.

7 (d) The director of taxation:

8 (1) Shall prepare any forms that may be necessary to claim
9 a tax credit under this section;

10 (2) May require the taxpayer to furnish reasonable
11 information to ascertain the validity of the claim for
12 the tax credit made under this section; and

13 (3) May adopt rules under chapter 91 necessary to
14 effectuate the purposes of this section.

15 (e) All of the provisions relating to assessments and
16 refunds under this chapter and under section 231-23(c)(1) shall
17 apply to the tax credit under this section.

18 (f) As used in this section:

19 "Eligible farmer" means a taxpayer that provides proof of
20 at least two-thirds of excess federal gross income from farming
21 or ranching, as shown by federal Form 1040 Schedule F filings,



1 or from fishing, as shown by federal Form 1040 Schedule C
2 filings.

3 "Excess federal gross income" means the amount of federal
4 gross income from all sources for the tax year."

5 SECTION 3. New statutory material is underscored.

6 SECTION 4. This Act shall take effect on June 30, 3000,
7 and shall apply to taxable years beginning after December 31,
8 2023.



Report Title:

Agriculture; Farmers; Ranchers; Fishers; Income Tax Credit

Description:

Creates an income tax credit to alleviate the high costs of production for farmers, ranchers, and fishers and incentivize growth in the agricultural sector in the State. Applies to taxable years beginning after 12/31/2023. Effective 6/30/3000. (SD1)

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