

JAN 24 2024

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

13 The purpose of this Act is to establish an income tax
14 credit to alleviate the high costs of production for Hawaii's
15 farmers, ranchers, and fishers and incentivize growth in the
16 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 the
11 qualified expenses of the eligible farmer, up to a maximum of
12 \$_____.

13 (c) If the tax credit under this section exceeds the
14 eligible farmer's net income tax liability and the eligible
15 farmer's federal gross income is under \$250,000, the excess of
16 the credit over liability shall be refunded to the taxpayer;
17 provided that no refunds or payment on account of the tax
18 credits allowed by this section shall be made for amounts less
19 than \$1. If the tax credit under this section exceeds the
20 eligible farmer's net income tax liability and the eligible
21 farmer's federal gross income is \$250,000 or more, the excess of



1 the credit over liability may be used as a credit against the
2 taxpayer's net income tax liability in subsequent years until
3 exhausted. All claims for the tax credit under this section,
4 including amended claims, shall be filed on or before the end of
5 the twelfth month following the close of the taxable year for
6 which the credit may be claimed. Failure to comply with the
7 foregoing provision shall constitute a waiver of the right to
8 claim the credit.

9 (d) The director of taxation:

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

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

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

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

20 (f) For purposes of this section:



S.B. NO. 3302

1 "Eligible farmer" means a taxpayer that provides proof of
2 at least two-thirds of excess federal gross income from farming
3 or ranching, as shown by federal Form 1040 Schedule F filings,
4 or from fishing, as shown by federal Form 1040 Schedule C
5 filings.

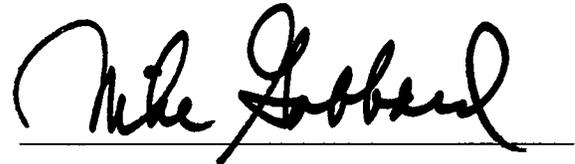
6 "Excess federal gross income" means the amount of federal
7 gross income from all sources for the tax year."

8 SECTION 3. New statutory material is underscored.

9 SECTION 4. This Act, upon its approval, shall apply to
10 taxable years beginning after December 31, 2023.

11

INTRODUCED BY:



A handwritten signature in black ink, appearing to read "Mike Lobenz", is written over a horizontal line.



S.B. NO. 3302

Report Title:

Agriculture; Farmers; Ranchers; Fishers; Income Tax Credit

Description:

For taxable years beginning after 12/31/2023, creates an income tax credit for qualified expenses of eligible farmers, ranchers, and fishers.

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