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# 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, the excess of the  
15 credit over liability may be used as a credit against the  
16 taxpayer's net income tax liability in subsequent years until  
17 exhausted. All claims for the tax credit under this section,  
18 including amended claims, shall be filed on or before the end of  
19 the twelfth month following the close of the taxable year for  
20 which the credit may be claimed. Failure to comply with the



1 foregoing provision shall constitute a waiver of the right to  
2 claim the credit.

3 (d) The director of taxation:

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

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

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

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

14 (f) For purposes of this section:

15 "Eligible farmer" means a taxpayer that provides proof of  
16 at least two-thirds of excess federal gross income from farming  
17 or ranching, as shown by federal Form 1040 Schedule F filings,  
18 or from fishing, as shown by federal Form 1040 Schedule C  
19 filings.

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



1       "Qualified expenses" means a percentage of the qualified  
2 taxpayer's net farm income as follows:

- 3       (1) Fifteen per cent of net farm income included in  
4 federal adjusted gross income for a qualified taxpayer  
5 with less than \$250,000 in net farm income; and  
6       (2) Ten per cent of net income included in federal  
7 adjusted gross income for a qualified taxpayer with  
8 net farm income equal to or greater than \$250,000 and  
9 less than \$1,000,000."

10       SECTION 3. New statutory material is underscored.

11       SECTION 4. This Act, upon its approval, shall apply to  
12 taxable years beginning after December 31, 2024.



**Report Title:**

Agriculture; Farmers; Ranchers; Fishers; Income Tax Credit

**Description:**

For taxable years beginning after 12/31/2024, creates a nonrefundable income tax credit for qualified expenses of eligible farmers, ranchers, and fishers. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

