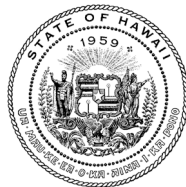


JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

HONOLULU, HAWAII 96809
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TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 2017, Relating to Agriculture.

BEFORE THE:

House Committee on Agriculture & Food Systems

DATE: Wednesday, February 4, 2026

TIME: 9:00 a.m.

LOCATION: State Capitol, Room 325

Chair Chun, Vice-Chair Kusch, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 2017 for your consideration.

H.B. 2017 amends section 235-110.93, Hawaii Revised Statutes (HRS), to expand the important agricultural land qualified agricultural cost tax credit in two ways.

First, it changes the definition of "important agricultural lands" to include Hawaiian home lands designated for subsistence agriculture, supplemental agriculture, or pastoral uses.

Second, it expands "qualified agricultural costs" to add two new categories:

- costs incurred for planting orchard or fruit-bearing crops on not less than an unspecified amount of acres; and
- costs incurred for clearing trees and debris, and also for restoring soil to fix nutrient deficiencies on former sugar and pineapple plantation lands out of agricultural use for more than five years but to be used primarily for agricultural purposes.

The Department of Agriculture will continue to certify eligible lands and qualified

agricultural costs.

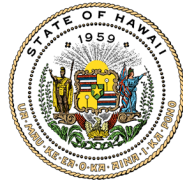
The bill is effective upon approval and applies to taxable years beginning after December 31, 2026.

DOTAX defers to the Department of Agriculture and Biosecurity on its ability to administer the changes in connection with its certification of the credit, but DOTAX notes that it can administer the form instruction changes with the proposed effective date.

Thank you for the opportunity to provide comments on this measure.

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



State of Hawai'i
DEPARTMENT OF AGRICULTURE & BIOSECURITY
KA 'OIHANA MAHI'AI A KIA'I MEAOLA
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SHARON HURD
Chairperson
Board of Agriculture & Biosecurity

DEAN M. MATSUKAWA
Deputy to the Chairperson

**TESTIMONY OF SHARON HURD
CHAIRPERSON, BOARD OF AGRICULTURE AND BIOSECURITY**

BEFORE THE HOUSE COMMITTEE ON AGRICULTURE AND FOOD SYSTEMS

**WEDNESDAY, FEBRUARY 4, 2026
9:00 AM
CONFERENCE ROOM 325**

**HOUSE BILL NO. 2017
RELATING TO AGRICULTURE**

Chair Chun, Vice Chair Kusch and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 2017 that for taxable years beginning January 1, 2027, amends the Important Agricultural Lands Qualified Agricultural Cost tax credit (Section 235-110.93) by (1) including Hawaiian Home Lands designated for subsistence agriculture, supplemental agriculture, or pastoral in the definition of "Important Agricultural Lands"; and (2) expanding the definition of "qualified agricultural costs" to include costs relating to the planting of orchard or fruit-bearing crops, or expenditures related to the clearing of former sugar and pineapple plantation lands. The Department of Agriculture and Biosecurity (Department) offers comments.

The Department is concerned about conferring Important Agricultural Land (IAL) designation upon the Department of Hawaiian Home Lands (DHHL) land use categories of subsistence agriculture, supplemental agriculture, or pastoral without having these lands be in conformance with Part III of Chapter 205, particularly sections 205-41 (IAL definitions and objectives) and 205-44 (standards and criteria for the identification of IAL).

With respect to the proposed amendment to the "qualified agricultural costs", we note that Section 205-46 (Act 183, SLH 2005) identified the IAL incentive and protection programs meant to enhance agricultural viability on designated IAL. Subsequently, the IAL Qualified Agricultural Cost tax credit (Section 235-110.93, SLH 2008) that was enacted did not include cost items similar to that proposed in this measure – planting of crops, purchase of planting materials, soil preparation, grubbing, soil restoration, and other items. The Department would recommend proceeding cautiously in considering amendments to this tax credit.

Thank you for the opportunity to provide our testimony.



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February 4, 2026

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS

TESTIMONY ON HB 2017
RELATING TO AGRICULTURE

Conference Room 325 & Videoconference
9:00 AM

Aloha Chair Chun, Vice-Chair Kusch, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate, and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau provides comments on HB 2017. HFB appreciates the intent of this measure to encourage agricultural investment, support long-term production, and expand opportunities for farmers, including Native Hawaiian agricultural producers operating on Hawaiian Home Lands.

HFB has long supported policies that strengthen agricultural viability and incentivize meaningful, long-term investment in agricultural lands. The Important Agricultural Lands (IAL) framework, including the qualified agricultural cost tax credit, was designed to encourage landowners to commit land to permanent agricultural use in exchange for incentives. This linkage between long-term land-use commitment and incentive has been a foundational principle of the IAL program.

HFB appreciates provisions in HB 2017 that expand the definition of qualified agricultural costs to better reflect real agricultural investment timelines. Recognizing costs associated with establishing orchard and fruit-bearing crops, as well as restoring former sugar and pineapple plantation lands that have been out of production, helps address long-standing barriers to bringing land back into productive agricultural use. These provisions acknowledge that agricultural production, particularly for perennial crops and land restoration, requires significant upfront investment before returns are realized and align well with the original intent of the IAL program.

HB 2017 also proposes to expand eligibility for the IAL qualified agricultural cost tax credit to Hawaiian Home Lands designated for subsistence agriculture, supplemental

agriculture, or pastoral use, without requiring those lands to undergo the formal IAL dedication process. While HFB supports and respects the legal, cultural, and historical importance of Hawaiian Home Lands and supports efforts to strengthen Native Hawaiian agriculture, we note that this approach raises questions regarding consistency and equity within the existing IAL incentive structure.

The IAL tax credit was designed to reward landowners who accept long-term land-use restrictions by dedicating land in perpetuity for agricultural use. HFB respectfully encourages the Legislature to consider whether expanding eligibility within the existing IAL tax credit is the most appropriate mechanism, or whether a separate, tailored incentive for agricultural investment on Hawaiian Home Lands may better align incentives with land-use commitments while preserving the integrity and clarity of the IAL framework.

HFB remains committed to working collaboratively with policymakers, Native Hawaiians, and other stakeholders to advance solutions that support long-term agricultural production, protect agricultural lands, respect Hawai'i's diverse land tenure systems, and grow agriculture in Hawai'i to meet shared goals such as increasing local food production, expanding farm-to-school programs, diversifying the economy, and protecting natural resources.

Thank you for the opportunity to provide comments on this measure.



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Honolulu, O'ahu

Natalie Urminka
Kaua'i

Aloha Chair Chun, Vice Chair Kusch, and Members of the House Agriculture & Food Systems Committee,

The Hawai'i Farmers Union is a 501(c)(5) agricultural advocacy nonprofit representing a network of over 2,500 family farmers and their supporters across the Hawaiian Islands. **HFU supports HB2017.**

HB2017 proposes amendments to the Important Agricultural Land (IAL) Qualified Agricultural Cost Tax Credit. These amendments aim to include Hawaiian home lands designated for subsistence agriculture, supplemental agriculture, or pastoral purposes within the definition of "important agricultural lands" and expand "qualified agricultural costs" to cover specific agricultural activities.

HB2017 provides essential economic relief and land access parity by expanding the Important Agricultural Land (IAL) Qualified Agricultural Cost Tax Credit. HFU supports the inclusion of Department of Hawaiian Home Lands (DHHL) designated for subsistence, supplemental, and pastoral use within the definition of "important agricultural lands."

The expansion of "qualified agricultural costs" to include the planting of orchard or fruit-bearing crops is a vital step furthering agricultural diversification. Moving away from the plantation-era monoculture model requires incentivizing perennial crops that contribute to Hawaii's food security and carbon sequestration efforts.

The proposed amendments in HB2017 are commendable steps towards improving Hawaii's agricultural landscape. By fostering inclusivity of Hawaiian home lands and supporting orchard and plantation revitalization, the bill aims to enhance agricultural sustainability and food security in Hawaii.

Mahalo for the opportunity to testify.

Hunter Heavilin
Advocacy Director
Hawai'i Farmers Union

LATE

HB-2017

Submitted on: 2/3/2026 9:07:55 AM

Testimony for AGR on 2/4/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Emma Waters	Individual	Support	Written Testimony Only

Comments:

Writing in support. Mahalo.