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# A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

1           SECTION 1. The purpose of this Act is to establish a  
2 nonrefundable income tax credit for certain agricultural  
3 investment costs incurred for agricultural activities conducted  
4 on Hawaiian home lands.

5           SECTION 2. Chapter 235, Hawaii Revised Statutes, is  
6 amended by adding a new section to be appropriately designated  
7 and to read as follows:

8           "§235- Hawaiian home lands; agricultural investment tax  
9 credit. (a) There shall be allowed to each eligible taxpayer a  
10 nonrefundable tax credit against the taxpayer's net income tax  
11 liability for qualified agricultural investment costs incurred  
12 during the taxable year for agricultural activities conducted on  
13 Hawaiian home lands.

14           (b) The amount of the tax credit allowed under this  
15 section shall be equal to           per cent of the qualified  
16 agricultural investment costs incurred during the taxable year;



1 provided that the total credit claimed by any taxpayer in a  
2 taxable year shall not exceed \$ \_\_\_\_\_.

3 (c) The tax credit allowed under this section shall not  
4 reduce the taxpayer's net income tax liability below zero. Any  
5 excess credit may be carried forward to subsequent taxable years  
6 until exhausted.

7 (d) The department of taxation, in consultation with the  
8 department of Hawaiian home lands, shall adopt rules pursuant to  
9 chapter 91 necessary to carry out the purposes of this section.

10 (e) As used in this section:

11 "Agricultural business" has the same meaning as in section  
12 235-110.93.

13 "Eligible taxpayer" means any person engaged in an  
14 agricultural business who holds a valid lease, license, or  
15 right-of-entry issued by the department of Hawaiian home lands  
16 and conducts agricultural activities on Hawaiian home lands  
17 designated for subsistence agriculture, supplemental  
18 agriculture, or pastoral use pursuant to the Hawaiian Homes  
19 Commission Act of 1920, as amended.



- 1       "Qualified agricultural investment costs" means  
2 expenditures incurred by an eligible taxpayer for agricultural  
3 purposes on Hawaiian home lands, including:
- 4       (1) The plans, design, engineering, construction,  
5       renovation, repair, maintenance, and equipment for  
6       agricultural infrastructure, including roads,  
7       utilities, irrigation systems, water storage  
8       facilities, water pipelines, ditches, reservoirs, and  
9       agricultural processing facilities used primarily for  
10       agricultural purposes;
- 11       (2) Equipment used primarily to cultivate, grow, harvest,  
12       or process agricultural products;
- 13       (3) Regulatory processing, feasibility studies, and legal,  
14       engineering, accounting, and other consultant services  
15       directly related to agricultural development or water  
16       access for agricultural activities;
- 17       (4) The planting and establishment of orchard or fruit-  
18       bearing crops, including the purchase of planting  
19       materials, soil preparation, planting, fertilization,  
20       irrigation, weed control, and pest management; and



1       (5) The clearing of former sugar or pineapple plantation  
2       lands that have been out of agricultural use for more  
3       than five years, including the removal of trees and  
4       debris, and soil restoration necessary to return the  
5       land to productive agricultural use."

6       SECTION 3. New statutory material is underscored.

7       SECTION 4. This Act shall take effect on July 1, 2050, and  
8 shall apply to taxable years beginning after December 31, 2026.



**Report Title:**

Income Tax Credit; Hawaiian Home Lands; Agricultural Investment Costs

**Description:**

For taxable years beginning after 1/1/2027, establishes a nonrefundable income tax credit for certain agricultural investment costs incurred for agricultural activities conducted on Hawaiian home lands. Effective 7/1/2050. (SD1)

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