

Honolulu, Hawaii

MAR 30 2026

RE: H.B. No. 2017
H.D. 3
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committees on Agriculture and Environment and Hawaiian Affairs, to which was referred H.B. No. 2017, H.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

beg leave to report as follows:

The purpose and intent of this measure is to, beginning January 1, 2027, establish a nonrefundable income tax credit for certain agricultural investment costs incurred for agricultural activities conducted on Hawaiian Home Lands.

Your Committees received testimony in support of this measure from the Department of Hawaiian Home Lands, Office of Hawaiian Affairs, Hawai'i Farm Bureau, and one individual.

Your Committees received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committees find that beneficiaries who are engaging in agricultural production on Hawaiian Home Lands often face substantial upfront costs for land preparation, including irrigation systems, fencing, equipment, orchard establishment, and other critical infrastructure needed to bring land into productive use. Your Committees believe that a targeted tax incentive would help offset those initial expenditures. This measure strengthens



the ability of producers on Hawaiian Home Lands to expand operations and increase food production.

Your Committees acknowledge the concerns raised in testimony from the Department of Taxation that the Department does not have subject-matter expertise in agricultural activities nor the ability to determine whether a taxpayer meets the required qualifications to claim this tax credit. Therefore, amendments to this measure are necessary to address this concern.

Accordingly, your Committees have amended this measure by:

- (1) Specifying that the Department of Agriculture and Biosecurity, in consultation with the Department of Taxation, shall be responsible for certifying the tax credits;
- (2) Specifying that the tax credit shall apply to costs incurred, rather than for taxable years beginning, after December 31, 2026; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Agriculture and Environment and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2017, H.D. 3, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2017, H.D. 3, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Agriculture and
Environment and Hawaiian
Affairs,

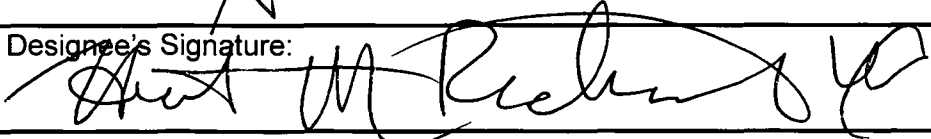

HERBERT M. RICHARDS, III, Chair


MIKE GABBARD, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Agriculture and Environment
AEN

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2017, HD3	AEN/HWN, WAM	3-24-26		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	X			
RICHARDS, III, Herbert M. "Tim" (VC)	X			
DECOITE, Lynn				X
RHOADS, Karl	X			
AWA, Brenton				X
TOTAL	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution: Original Yellow Pink				
File with Committee Report Committee Drafting Agency				

*Only one measure per Record of Votes

