

STAND. COM. REP. NO. 2565

Honolulu, Hawaii

FEB 20 2026

RE: S.B. No. 2887

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 S.B. No. 2887 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

beg leave to report as follows:

The purpose and intent of this measure is to, for taxable years beginning January 1, 2027, amend the Important Agricultural Land Qualified Agricultural Cost Tax Credit to:

- (1) Include Hawaiian home lands designated for subsistence agriculture, supplemental agriculture, or pastoral in the definition of "important agricultural lands"; and
- (2) Expand 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.

Your Committees received testimony in support of this measure from the Department of Hawaiian Home Lands and CARES.

Your Committees received comments on this measure from the Department of Agriculture and Biosecurity, Department of Taxation, and Hawai'i Farm Bureau.



Your Committees find that a key goal of the State is to achieve food sovereignty and to reduce Hawaii's reliance on food importation. Previous legislation has established mechanisms to identify important agricultural lands critical to the success of agriculture in the State. An integral part of this important agricultural lands framework is the Important Agricultural Land Qualified Agricultural Cost Tax Credit, which bolsters economically productive agriculture in the State. Your Committees further find that subsistence agriculture, supplemental agriculture, or pastoral use on Hawaiian Home Lands, and certain agricultural practices, particularly for perennial crops and land restoration face eligibility barriers for the Important Agricultural Land Qualified Agricultural Cost Tax Credit despite their contributions to the State's goals.

Your Committees acknowledge the concerns raised in testimony that emphasized the importance of maintaining the existing structure of the Important Agricultural Land Qualified Agricultural Cost Tax Credit. Your Committees further acknowledge that this tax credit was designed to encourage landowners to commit land to permanent agricultural use in exchange for incentives. Your Committees further note that the framework of the important agricultural lands program, including the Important Agricultural Land Qualified Agricultural Cost Tax Credit, requires agricultural lands to undergo a formal dedication process. This measure would not require agriculture on Hawaiian Home Lands to undergo this dedication process.

Your Committees note that the companion to this measure, H.B. No. 2017, H.D. 1 (2026), which was previously heard by the House of Representatives, establishes a separate Hawaiian Home Lands Agricultural Investment Tax Credit. Your Committees believe that a tailored tax credit for agricultural activities conducted on Hawaiian Home Lands, while preserving the integrity and clarity of the existing Important Agricultural Land Qualified Agricultural Cost Tax Credit is more prudent. Therefore, your Committees find that the language of H.B. 2017, H.D. 1 (2026), is preferable because it aligns incentives with the distinct land tenure structure governing Hawaiian Home Lands.

Accordingly, your Committees have amended this measure by:



- (1) Deleting its contents and inserting the contents of H.B. No. 2017, H.D. 1 (2026), a measure that:
 - (A) Establishes a nonrefundable income tax credit for certain qualified agricultural investment costs incurred for agricultural activities conducted on Hawaiian Home Lands; and
 - (B) Includes appropriate legislative findings; and
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion.

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 S.B. No. 2887, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2887, 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 Hawaiian Affairs
HWN

Bill / Resolution No.:* SB2 887	Committee Referral: AEN/HWN, WAM	Date: 2/12/2024		
<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
RICHARDS, III, Herbert M. "Tim" (C)	✓			
LAMOSAO, Rachele (VC)	✓			
IHARA, Jr., Les	✓			
KEOHOKALOPE, Jarrett	✓			
DECORTE, Samantha	✓			
TOTAL	5	0	0	0
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