

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
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

**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



SHARON HURD
Chairperson
Board of Agriculture & Biosecurity

DEAN M. MATSUKAWA
Deputy to the Chairperson

State of Hawai'i
DEPARTMENT OF AGRICULTURE & BIOSECURITY
KA 'OIHANA MAHI'AI A KIA'I MEAOLA
1428 South King Street
Honolulu, Hawai'i 96814-2512
Phone: (808) 973-9560 FAX: (808) 973-9613

**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.

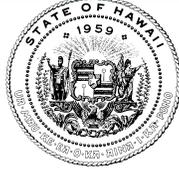
The Department is concerned about conferring Important Agricultural Land (IAL) designation upon the Department of Hawaiian Home Lands (DHHL) land use categories of subsistence agriculture, supplemental agriculture, or pastoral without having these lands be in conformance with Part III of Chapter 205, 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.

JOSH GREEN, M.D.
GOVERNOR
STATE OF HAWAII
*Ke Kia'āina o ka Moku'āina 'o
Hawai'i*

SYLVIA J. LUKE
LT. GOVERNOR
STATE OF HAWAII
*Ka Hope Kia'āina o ka Moku'āina
'o Hawai'i*



KALI WATSON
CHAIRPERSON, HHC
Ka Luna Ho'okele

KATIE L. LAMBERT
DEPUTY TO THE CHAIR
Ka Hope Luna Ho'okele

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS
Ka 'Oihana 'Āina Ho'opulapula Hawai'i

P. O. BOX 1879
HONOLULU, HAWAII 96805

LATE

TESTIMONY OF KALI WATSON, CHAIR
HAWAIIAN HOMES COMMISSION
BEFORE THE HOUSE COMMITTEE ON AGRICULTURE &
FOOD SYSTEMS
ON FEBRUARY 4, 2026 AT 9:00AM IN CR 325

HB 2017, RELATING TO AGRICULTURE

February 4, 2026

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

The Department of Hawaiian Home Lands (DHHL) **supports** this bill which for taxable years beginning 1/1/2027, amends 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.

DHHL manages and delivers subsistence agriculture, supplemental agriculture, and pastoral lands. This bill will allow DHHL to be eligible for agricultural tax credits by designating these lands as important agricultural lands (IAL). Hawaiian Home Lands are not "public lands." Section 171-2, Hawaii Revised Statutes, notes that "Public lands" means all lands or interest therein in the State classed as government or crown lands previous to August 15, 1895, or acquired or reserved by the government upon or subsequent to that date by purchase, exchange, escheat, or the exercise of the right of eminent domain, or in any other manner; including lands accreted after May 20, 2003, and not otherwise awarded, submerged lands, and lands beneath tidal waters that are suitable for reclamation, together with reclaimed lands that have been given the status of public lands under this chapter, except: (1) Lands designated in section 203 of the Hawaiian Homes Commission Act, 1920, as amended.' This measure proposes to amend section 235-110.93, Hawaii Revised Statutes, which will allow for identifying, mapping, and designating of these lands as IAL.

Thank you for your consideration of our testimony.



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

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.



Officers

Kaipo Kekona
State President

Christian Zuckerman
Vice-President

Maureen Datta
Secretary

Reba Lopez
Treasurer

Chapter Presidents

Kelii Gannet
Kohala, Hawai'i

East Hawai'i

Puna, Hawai'i

Ka'u, Hawai'i

Maureen Datta
Kona, Hawai'i

Gina Lind
Hāna, Maui

Mason Scharer
Haleakalā, Maui

Kaiea Medeiros
Mauna Kahālāwai,
Maui

Kaipo Kekona
Lahaina, Maui

Kilia Avelino-Purdy
Moloka'i

Negus Manna
Lāna'i

India Clark
North Shore, O'ahu

Christian Zuckerman
Wai'anae, O'ahu

Rachel LaDrig
Waimānalo, O'ahu

Vincent Kimura
Honolulu, O'ahu

Natalie Urminska
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

February, 2026

To: Chair Cory Chun, Vice Chair Mattias Musch Vice Chair and the Senate Committee on Agriculture

Subject: **HB2017, Relating to Agriculture**

Aloha,

Food+ Policy submits testimony in support of HB2017, which proposes important updates to the Important Agricultural Land (IAL) Qualified Agricultural Cost Tax Credit.

HB2017 expands eligibility for the tax credit to include Hawaiian Home Lands designated for subsistence, supplemental agriculture, or pastoral use, and broadens the definition of qualified agricultural costs to include orchard and fruit-bearing crop establishment as well as the restoration of former sugar and pineapple plantation lands.

These updates better reflect the realities of farming in Hawai'i, where agricultural diversification, perennial crops, and land restoration require significant upfront investment before returns are realized. Expanding eligible costs helps reduce barriers to bringing land back into productive use while supporting long-term food security, climate resilience, and 'āina stewardship. Including Hawaiian Home Lands also supports more equitable access to agricultural incentives and strengthens Native Hawaiian and community-based agriculture.

For these reasons, Food+ Policy respectfully urges the committee to pass HB2017. Mahalo for the opportunity to provide testimony.

Mahalo,
Carlin McFadden & the Food+ Policy Team
#fixourfoodsystem

The Food+ Policy internship develops student advocates who learn work skills while increasing civic engagement to become emerging leaders. We focus on good food systems policy because we see the importance and potential of the food system in combating climate change and increasing the health, equity, and resiliency of Hawai'i communities.

In 2026, the cohort of interns are undergraduate and graduate students and young professionals working in the food system. They are a mix of traditional and nontraditional students, including parents and veterans, who have backgrounds in education, farming, public health, nutrition, and Hawaiian culture.

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.

LATE

HB-2017

Submitted on: 2/3/2026 11:44:03 PM

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

Submitted By	Organization	Testifier Position	Testify
Kaila Manuel	Individual	Support	Written Testimony Only

Comments:

Aloha Chair and Members of the Committee,

My name is Kaila Manuel, and I submit testimony in support of HB2017, relating to agriculture.

This bill strengthens Hawai'i's commitment to agricultural viability by expanding the Important Agricultural Land Qualified Agricultural Cost Tax Credit in a manner that is both equitable and practical. By including Hawaiian home lands to be designated for subsistence, pastoral, and supplemental agricultural use. Recognized the important role that these farming lands play in supporting and sustaining cultural practices and improving local food systems. It also expands to include fruit-bearing crops and the rehabilitation of retired or former plantation lands. These activities often require significant investments, but making tax credit eligibility available can reduce the financial barriers farmers may face.

Overall, this measure promotes local food production and systems, supports local farmers, and pushes the state's mandate to protect and conserve the agricultural lands. I strongly urge your support of this bill.

Mahalo for the opportunity to submit a testimony.

Respectfully,

Kaila Manuel