

Honolulu, Hawaii
Feb 29, 2008

RE: H.B. No. 2357
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2357, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURAL LANDS,"

begs leave to report as follows:

The purpose of this bill is to provide incentives to establish and sustain viable agricultural operations on important agricultural lands. Specifically, this bill, among other things:

- (1) Excludes from gross income, adjusted gross income, and taxable income, rental income, up to an unspecified maximum amount, derived from agricultural leases on lands designated as important agricultural lands (IALs) under certain conditions;
- (2) Exempts rental income, up to an unspecified maximum amount, derived from agricultural leases on lands designated as IALs from the general excise tax;
- (3) Allows landowners to develop, construct, and maintain residential dwelling units for farmers, employees, and their families on IALs under certain conditions;
- (4) Establishes an IAL Qualified Agricultural Cost Tax Credit;



- (5) Allows the Chairperson of the Board of Agriculture to guarantee loans made by commercial lenders to agricultural producers for the development and implementation of agricultural projects located on land designated as IALs, under certain conditions;
 - (6) Requires the master irrigation inventory plan of the State Agricultural Water Use and Development Plan to include:
 - (A) Identification of sources of water used by agricultural operations, particularly those on lands designated as IALs; and
 - (B) Identification of current and future water needs for agricultural operations on lands designated as IALs;
- and
- (7) Requires certain agencies that issue permits to implement a procedure for priority processing of permit applications and renewals for agricultural processing facilities that process crops or livestock from certain agribusinesses

The Hawaii Farm Bureau Federation, Maui County Farm Bureau, Alexander & Baldwin, Inc., Hawaiian Commercial & Sugar Company, Kauai Coffee Company, Inc., Land Use Research Foundation of Hawaii, and a concerned individual supported this bill. The Department of Budget and Finance and the Department of Planning and Permitting of the City and County of Honolulu opposed this measure. The Department of Agriculture, Department of Taxation, Office of Planning, Tax Foundation of Hawaii, The Chamber of Commerce of Hawaii, Hawaii Association of REALTORS, Sierra Club, Hawaii Chapter, and Dole Food Company Hawaii submitted comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2357, H.D. 1, and recommends that it pass Third Reading.



Respectfully submitted on
behalf of the members of the
Committee on Finance,


MARCUS R. OSHIRO, Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

HSC 904-08

Record of Votes of the Committee on Finance

Bill/Resolution No.: <i>HB 2357</i>	Committee Referral: <i>FIN</i>	Date: <i>2-22-2008</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. AWANA, Karen Leinani	✓			
4. BELATTI, Della Au		✓		
5. BROWER, Tom	✓			
6. CARROLL, Mele		✓		
7. HANOHANO, Faye P.	✓			
8. HAR, Sharon E.	✓			
9. KARAMATSU, Jon Riki	✓			
10. MAGAOAY, Michael Y.	✓			
11. MANAHAN, Joey	✓			
12. MIZUNO, John	✓			
13. NAKASONE, Bob				✓
14. RHOADS, Karl	✓			
15. SAGUM, Roland D., III	✓			
16. TOKIOKA, James Kunane	✓			
17. MEYER, Colleen Rose		✓		
18. PINE, Kymberly Marcos		✓		
19. WARD, Gene, Ph.D.	✓			
TOTAL (19)	<i>14</i>	<i>4</i>	<i>0</i>	<i>1</i>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____ <i>Marilyn B. Lee</i> _____				
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