[Note: The following is a preliminary list of possible incentives to promote the business of agriculture. It is intended to stimulate discussion as opposed to being a final proposal.]

**Agricultural Preservation District** (See July 12, 2001 LRB Submittal)

- *Voluntary designation of agricultural lands* to be kept in continued agricultural use by their owners as a condition of entitlement to:
  - Exemption of gross farm revenues from state general excise tax
  - Reduction of real property taxes assessed by the County
  - Priority access to water allocation for irrigation

**Tax Incentives**

- *Agricultural development investment [income] tax credit*, for the provision of joint venture or seed capital and direct investment in business incubators which apply existing agricultural facilities to future productive agricultural uses

  Compare to the high technology business investment tax credit, HRS ' 235-110.9

- *Agricultural research activities [income] tax credit*, for the development of new agricultural crops and value-added products and the enhancement of existing agricultural commodities

  Compare to the high technology research activities tax credit for qualified research activities, HRS ' 235-110.91

- *Agricultural infrastructure renovation [income] tax credit*, for the transformation of agricultural infrastructure [irrigation, road, utilities, drainage, and other field systems] from plantation operations into other agricultural enterprises

  Compare to the technology infrastructure renovation tax credit, HRS ' 235-[new section, Act 221, SLH 2001]
Sale of unused agricultural net operating loss carryover, not taxable income

Compare to the exclusion from taxable income of sale of high technology net operating loss carryover, HRS ' 235-111.5. Also, compare to the exemption of proceeds of sale of high technology net operating loss from general excise tax, HRS ' 237-[new section, Act 221, SLH 2001]

Royalties derived from agricultural patents, copyrights, or trade secrets, excluded from gross, adjusted, and taxable income

Compare to the exclusion from income of royalties developed and arising out of a high technology business, HRS ' 235-7.3

Venture Capital

Employees= Retirement System (ERS) investment allowed in agricultural development ventures

Compare to the allowance of ERS investment in high technology businesses or venture capital investments, HRS ' 88-119(11)

Agribusiness Development Investment Program in the Agribusiness Development Corporation (ADC)

Compare to the Hawaii Technology Investment Program established in the Hawaii Strategic Development Corporation (HSDC), HRS ' ' 211F-52(b), (j)