
A BILL FOR AN ACT

RELATING TO AGRICULTURAL PARKS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that lease rents and fee
2 for leases, easements, permits, and rights of entry to lands in
3 agricultural parks are set based on the fair market value of the
4 land. This has resulted in initial and reopened lease rents and
5 fees set at rates that are out of proportion to the actual use
6 the property can sustain.

7 The purpose of this Act is to set lease rents and fees
8 based on the agricultural production on the land and not the
9 fair market value of the land.

10 SECTION 2. Section 166-6, Hawaii Revised Statutes, is
11 amended by amending subsection (a) to read as follows:

12 "(a) Any provision of this chapter to the contrary
13 notwithstanding, the board may by negotiation, drawing of lot,
14 or public auction, directly dispose of public lands and related
15 facilities set aside and designated for use as agricultural
16 parks, and any other lands and facilities under the jurisdiction
17 of the department pursuant to section 166-3 and notwithstanding
18 chapter 171. Except as provided by subsection (c), dispositions



1 may be by lease and shall be subject to the requirements set
2 forth in rules adopted by the board in conformity with section
3 166-9, and subject also to the following limitations:

4 (1) The property shall be disposed of for agricultural or
5 aquacultural purposes only;

6 (2) The lessee shall derive the major portion of the
7 lessee's total annual income from the lessee's
8 activities on the premises; provided that this
9 restriction shall not apply if failure to meet the
10 restriction results from mental or physical disability
11 or the loss of a spouse, or if the premises are fully
12 utilized in the production of crops or products for
13 which the disposition was granted;

14 (3) The lessee shall comply with all federal and state
15 laws regarding environmental quality control;

16 (4) The board shall determine the specific uses for which
17 the disposition is intended; parcel the land into
18 minimum size economic units sufficient for the
19 intended uses; make, or require the lessee to make
20 improvements as are required to achieve the intended
21 uses; set the upset price or lease rent based upon [~~an~~
22 ~~appraised evaluation of the property value~~] a

1 reasonable return on the value of the actual or
2 proposed agricultural production on the land,
3 adjustable as provided in rules adopted in accordance
4 with chapter 91 to the specified use of the lot; set
5 the term of the lease, which shall be not less than
6 fifteen years nor more than fifty-five years,
7 including any extension granted for mortgage lending
8 or guarantee purposes; and establish other terms and
9 conditions as it may deem necessary, including but not
10 limited to restrictions against alienation and
11 provisions for withdrawal by the board;

12 (5) No lease shall be made to any person who is in arrears
13 in the payment of taxes, rents, or other obligations
14 owing the State or any county; and

15 (6) Any transferee, assignee, or sublessee of an
16 agricultural park lease shall first qualify as an
17 applicant under this chapter. For the purpose of this
18 paragraph, any transfer, assignment, sale, or other
19 disposition of any interest, excluding a security
20 interest, of any legal entity which holds an
21 agricultural park lease shall be treated as a transfer
22 of the agricultural park lease and shall be subject to



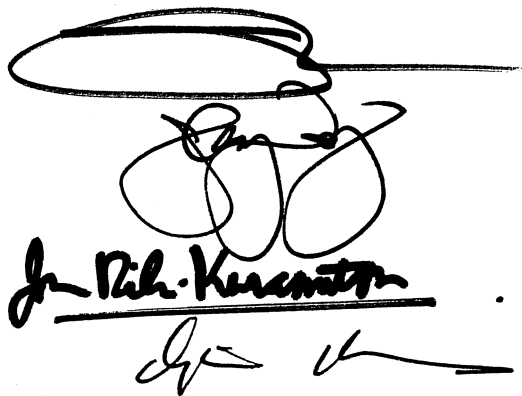
1 the approval of the board of agriculture upon
 2 reasonable terms and conditions, not inconsistent with
 3 this chapter or rules of the board, which the board
 4 may deem necessary. No transfer shall be approved by
 5 the board if the disposition of the stock, or assets
 6 or other interest of the legal entity would result in
 7 the failure of the entity to qualify for an
 8 agricultural park lease."

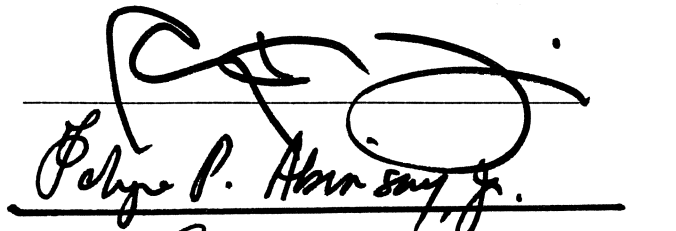
9 SECTION 3. Statutory material to be repealed is bracketed
 10 and stricken. New statutory material is underscored.

11 SECTION 4. This Act does not affect rights and duties that
 12 matured, penalties that were incurred, and proceedings that were
 13 begun, before its effective date.

14 SECTION 5. This Act shall take effect upon its approval.
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HB2871

Report Title:

Agricultural Park; Lease Rent

Description:

Provides lease rents in agricultural parks to be determined based on actual production and not fair market value.

