
A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

1 PART I

2 SECTION 1. The purpose of this part is to promote fiscal
3 accountability with regard to agricultural land lease agreements
4 between the State and lessees by allowing the agribusiness
5 development corporation to contract with financial institutions
6 to provide lease management services.

7 SECTION 2. Section 163D-7, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "[+]§163D-7[+] **Agricultural projects; agricultural**
10 **development plans.** (a) The corporation may develop and
11 implement agricultural projects where large tracts of
12 agricultural land have been or will be taken out of productive
13 agriculture or where, through detailed analysis, opportunities
14 exist to exploit potential local, national, and international
15 markets.

16 (b) The corporation may initiate and coordinate the
17 preparation of business and agricultural development plans for
18 its projects. The plans shall include a proposal for the



1 organization of the enterprise, a marketing information and
2 strategy, the impact on existing agricultural operations
3 throughout the State, and a recommendation for the construction,
4 reconstruction, rehabilitation, improvement, alteration, or
5 repair of any infrastructure or accessory facilities in
6 connection with any project.

7 (c) The corporation may enter into cooperative agreements
8 with coordinating entrepreneurs or public agencies when the
9 powers, services, and capabilities of the persons or agencies
10 are deemed necessary and appropriate for the development and
11 implementation of the business and agricultural development
12 plans.

13 (d) The corporation may purchase, accept, and maintain
14 permanent conservation easements in accordance with the Natural
15 Resources Conservation Service farm and ranch lands protection
16 program.

17 (e) Notwithstanding any provision of this chapter to the
18 contrary, when leasing corporation-controlled agricultural land,
19 the corporation may contract with a financial institution
20 chartered under chapter 412 or a federal financial institution,
21 as defined under section 412:1-109, that is transacting business
22 in this state to provide lease management services. For the



1 purposes of this subsection, "lease management services"
2 includes the collection of lease rent and any other moneys owed
3 to the corporation related to the lease of agricultural land
4 under the corporation's control.

5 [~~d~~] (f) The agricultural planning activities of the
6 corporation shall be coordinated with the county planning
7 departments and the county land use plans, policies, and
8 ordinances.

9 [~~e~~] (g) The corporation may amend the business and
10 agricultural development plans as may be necessary.

11 [~~f~~] (h) Any undertaking by the corporation pursuant to
12 this chapter shall be with the express written consent of the
13 landowner or landowners directly affected."

14 PART II

15 SECTION 3. The purpose of this part is to ensure the long-
16 term availability of lands suitable for agricultural activities
17 by authorizing the agribusiness development corporation to lease
18 lands under its control for up to fifty-five years.

19 SECTION 4. Section 163D-15.6, Hawaii Revised Statutes, is
20 amended to read as follows:

21 "~~[f]~~ **§163D-15.6 Commitment and preservation of agricultural**

22 **leases.** [~~g~~] (a) The [~~agribusiness development~~] corporation



1 shall work toward obtaining commitments from landowners in the
2 leeward and central districts of Oahu that their agricultural
3 leases shall be for a duration of twenty or more years~~[7]~~ and
4 shall not be amended or revoked [~~in order~~] to allow for a
5 nonagricultural use of [~~such~~] the land[-]; provided that for
6 lands in central Oahu acquired under Act , Session Laws of
7 Hawaii 2006, the agricultural leases shall be for no more than
8 fifty-five years.

9 (b) To further ensure the preservation of agriculture in
10 the leeward and central districts of Oahu, the [~~agribusiness~~
11 ~~development~~] corporation shall monitor the agricultural leases
12 of land [~~utilizing~~] using the water from the Waiahole water
13 system. In the event of any proposed amendment or revocation of
14 any such lease, the corporation shall do all things within its
15 powers under [+]this chapter[+] to protect and defend the
16 interests of the agricultural leaseholders to ensure the
17 continuation of agricultural use for those lands."

18 PART III

19 SECTION 5. The purpose of this part is to comply with
20 article XI, sections 3, 4, and 10 of the state constitution,
21 relating to the protection of agricultural lands, public land
22 banking, and the promotion of farm ownership and diversified



1 agriculture, by establishing a process to ensure that certain
2 agricultural lands on the island of Oahu and owned by the
3 Galbraith Estate:

- 4 (1) Remain available for agricultural use;
- 5 (2) Are properly managed to ensure their continued
6 economic viability while being used for agriculture;
7 and
- 8 (3) Are managed in a manner that is sensitive to and
9 consistent with the needs of farmers in the Waialua
10 area.

11 The legislature finds that this part is in accordance with
12 article XI, sections 3,4, and 10 of the state constitution, is
13 in the public interest, and will preserve agricultural
14 activities in the area and a lifestyle that benefits the
15 community at large.

16 SECTION 6. Chapter 163D, Hawaii Revised Statutes, is
17 amended by adding three new sections to be appropriately
18 designated and to read as follows:

19 **"§163D-A Acquisitions of important agricultural lands**
20 **authorized by the legislature.** (a) The legislature may
21 authorize the corporation to acquire agricultural lands for the



1 protection of agricultural lands, public land banking, or the
2 promotion of farm ownership and diversified agriculture.

3 (b) The acquisition shall be authorized by a bill enacted
4 into law and shall contain:

5 (1) A statement of the value of the interest in land as a
6 resource to the State;

7 (2) A description of the specific parcel of land or
8 agricultural easement proposed to be acquired;

9 (3) The owner of the property; and

10 (4) The estimated costs of acquiring the interest in the
11 land.

12 (c) The landowner shall receive payment for the interest
13 in a lump sum or through an installment purchase agreement as
14 determined pursuant to section 163D-B.

15 **§163D-B Acquisitions; payment.** (a) If the landowner
16 agrees to the sale of the interest in lands pursuant to section
17 163D-A, the landowner and the corporation shall agree on whether
18 the landowner shall receive payment for the interest in a lump
19 sum or through an installment purchase agreement pursuant to
20 section 163D-C.

21 (b) The corporation may make payments from moneys
22 appropriated by the legislature.



1 **§163D-C Installment purchase agreements; interest payment.**

2 (a) The legislature may authorize the corporation to negotiate
3 installment purchase agreements for the acquisition of specific
4 parcels of land for the protection of agricultural lands, public
5 land banking, or the promotion of farm ownership and diversified
6 agriculture. The installment purchase agreements shall be
7 structured pursuant to the requirements of the Internal Revenue
8 Code of 1986, as amended, to defer recognition of capital gain
9 until all of the purchase price is paid. The agreement shall
10 include provisions for the periodic payment of a portion of the
11 purchase price with the remainder of the purchase price paid at
12 the end of the term of the agreement. The legislature shall
13 authorize the purchase of United States Treasury zero coupon
14 bonds for the installment purchase agreement with a maturity
15 date equal to the term of the agreement.

16 (b) The interest rate paid on the installment purchase
17 agreement shall be not less than the interest rate on the zero
18 coupon bonds at the closing of the agreement or eight per cent,
19 whichever is higher.

20 (c) The corporation shall make semi-annual interest
21 payments on the outstanding balance of the installment purchase
22 agreement purchase price."



1 PART IV

2 SECTION 7. Pursuant to section 163D-A, the agribusiness
3 development corporation is authorized to acquire certain
4 agricultural lands located on the island of Oahu and owned by
5 the Galbraith Estate (Land Court Application 262), tax map keys
6 6-5-002:10, 6-5-002:25, 6-5-002:26, 7-1-001:01, 7-1-001:02, 7-1-
7 001:03, 7-1-001:05, 7-1-001:06, 7-1-001:07, 7-1-001:08, 7-1-
8 001:011, 7-1-001:12, 7-1-001:13, 7-1-001:17, 7-1-001:20, 7-1-
9 001:21, 7-1-001:022, 7-1-001:23, 7-1-001:24, 7-1-001:25, 7-1-
10 001:26, 7-1-001:27, 7-1-001:31, 7-1-001:32.

11 The legislature finds that the lands contain soil qualities
12 and growing conditions that support agricultural production of
13 food, fiber, or fuel- and energy producing crops and have
14 sufficient quantities of water to support viable agricultural
15 production and to meet the requirements for the protection of
16 agricultural lands, public land banking, or the promotion of
17 farm ownership and diversified agriculture.

18 SECTION 8. There is appropriated out of the general
19 revenues of the State of Hawaii the sum of \$ or so much
20 thereof as may be necessary for fiscal year 2006-2007 to
21 purchase agricultural lands located on the island of Oahu and

1 owned by the Galbraith Estate (Land Court Application 262)
2 through:

- 3 (1) The purchase of United States Treasury zero coupon
4 bonds for the negotiated installment purchase
5 agreement pursuant to section 163D-C; or
- 6 (2) Lump sum payment.

7 The sum appropriated shall be expended by the agribusiness
8 development corporation.

9 PART V

10 SECTION 9. In codifying the new sections added by section
11 6 of this Act, the revisor of statutes shall substitute
12 appropriate section numbers for the letters used in designating
13 the new sections in this Act.

14 SECTION 10. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 11. This Act shall take effect on July 1, 2050.



SB 2155

SD2
HD1

Report Title:

Agricultural Lands; Agribusiness; Galbraith Estate

Description:

Enables the agribusiness development corporation to contract with banks to provide lease management services. Allows ADC to purchase, accept, and maintain conservation easements. Specifies that the Legislature may authorize ADC to acquire agricultural lands through a lump sum purchase or with U.S. Treasury zero coupon bonds. (SB2155 HD1)

