

MAR 15 2006

SENATE CONCURRENT RESOLUTION

REQUESTING THE DEPARTMENT OF AGRICULTURE TO STUDY THE
APPLICABILITY AND USE OF THE AGRICULTURAL INCOME
CAPITALIZATION APPROACH AND OTHER METHODOLOGIES TO
STABILIZE THE REOPENING OF RENTS FOR DEPARTMENT OF
AGRICULTURE'S AGRICULTURAL PARKS.

1 WHEREAS, the State Constitution mandates that public lands
2 be used for the development of farm and homeownership on a
3 widespread basis; and

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5 WHEREAS, it is in the best interest of the State that
6 agricultural lands be used productively and in a reasonable way
7 to emphasize sustainability and preservation of state
8 agricultural lands; and

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10 WHEREAS, the Uniform Standards of Professional Appraisal
11 Practice allow appraisers to analyze all information applicable
12 to the appraisal methodology, including sales comparison, cost,
13 and income approaches; and

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15 WHEREAS, determining lease rent rates by sales comparisons
16 may dramatically increase lease rent rates during times when
17 real estate market sales are high; and

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19 WHEREAS, appraisers lack the knowledge or understanding
20 necessary to use the income capitalization approach which
21 factors in the agricultural yield of farmed land; and

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23 WHEREAS, there is a shortage of appraisers who are capable
24 of using the income capitalization approach; and

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26 WHEREAS, there is an urgent need to train appraisers to use
27 the income capitalization approach to establish reasonable lease
28 rent rates for state agricultural lease rent reopenings; and

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30 WHEREAS, the Department of Agriculture is encouraged to
31 work with the Department of Land and Natural Resources to



1 maintain the agricultural production statistics necessary to use
2 the income capitalization approach which will stabilize state
3 agricultural lease rent rates; now, therefore,
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5 BE IT RESOLVED by the Senate of the Twenty-third
6 Legislature of the State of Hawaii, Regular Session of 2006, the
7 House of Representatives concurring, that the Department of
8 Agriculture is requested to study the feasibility and
9 implementation of the income capitalization approach and other
10 methodologies to stabilize and set lease rent rates for the
11 Department of Agriculture's agricultural park lease reopenings;
12 and
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14 BE IT FURTHER RESOLVED that the report include examples of
15 lease rent amounts resulting from using the income
16 capitalization approach or other methodologies, the costs and
17 training needs associated with implementation of the preferred
18 practice, and the timeframe for implementation; and
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20 BE IT FURTHER RESOLVED that the Department of Agriculture
21 is requested to report its findings and recommendations to the
22 Legislature no later than twenty days before the convening of
23 the Regular Session of 2007; and
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25 BE IT FURTHER RESOLVED that certified copies of this
26 Concurrent Resolution be transmitted to the Chairperson of the
27 Board of Agriculture and the Chairperson of the Board of Land
28 and Natural Resources.
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