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## SENATE 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  
32 maintain the agricultural production statistics necessary to use



1 the income capitalization approach which will stabilize state  
2 agricultural lease rent rates; now, therefore,

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4 BE IT RESOLVED by the Senate of the Twenty-third  
5 Legislature of the State of Hawaii, Regular Session of 2006,  
6 that the Department of Agriculture is requested to study the  
7 feasibility and implementation of the income capitalization  
8 approach and other methodologies to stabilize and set lease rent  
9 rates for the Department of Agriculture's agricultural park  
10 lease reopenings; and

11  
12 BE IT FURTHER RESOLVED that the report include examples of  
13 lease rent amounts resulting from using the income  
14 capitalization approach or other methodologies, the costs and  
15 training needs associated with implementation of the preferred  
16 practice, and the timeframe for implementation; and

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18 BE IT FURTHER RESOLVED that the Department of Agriculture  
19 is requested to report its findings and recommendations to the  
20 Legislature no later than twenty days before the convening of  
21 the Regular Session of 2007; and

22  
23 BE IT FURTHER RESOLVED that certified copies of this  
24 Resolution be transmitted to the Chairperson of the Board of  
25 Agriculture and the Chairperson of the Board of Land and Natural  
26 Resources.

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29 OFFERED BY:

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