

Honolulu, Hawaii

April 7, 2006

RE: S.B. No. 2155  
S.D. 2  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committees on Agriculture and Water, Land, & Ocean Resources, to which was referred S.B. No. 2155, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

beg leave to report as follows:

The purpose of this bill is to encourage agricultural development by authorizing the Agribusiness Development Corporation (ADC) to purchase agricultural land, currently owned by the Galbraith Estate and located in the Waialua area on the island of Oahu (Waialua Land), through revenues derived from the issuance of revenue bonds. In addition, this bill, among other things, allows ADC to:

- (1) Purchase, accept, and maintain permanent conservation easements in accordance with the Natural Resources Conservation Service Farm and Ranch Lands Protection Program; and
- (2) When leasing agricultural land, contract with a financial institution transacting business in Hawaii to provide lease management services.

The Hawaii Farm Bureau Federation and a concerned individual supported this bill. ADC supported the intent of this bill.



Although your Committees support acquisition of land for agricultural development, concerns were raised regarding the possibility that revenue from agricultural leases may not generate enough cash flow to support the debt service incurred as a result of the issuance of revenue bonds.

Therefore, your Committees have amended this measure by:

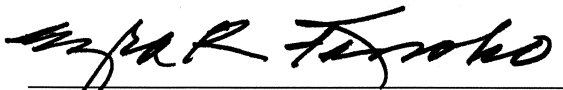
- (1) Deleting the provision authorizing ADC to issue revenue bonds to purchase the Waialua Land;
- (2) Specifying that the Legislature may authorize ADC to acquire agricultural lands for the protection of agricultural lands, public land banking, or the promotion of farm ownership and diversified agriculture;
- (3) Establishing that upon agreement, ADC shall pay for the land interests in a lump sum or through an installment purchase agreement;
- (4) Specifying the agricultural land parcels located on the island of Oahu and currently owned by the Galbraith Estate, identified by tax map keys, that ADC is authorized to acquire;
- (5) Appropriating funds to purchase the lands identified in item (4) through a lump sum payment or the purchase of U.S. Treasury zero coupon bonds for a negotiated installment purchase agreement; and
- (6) Changing its effective date to July 1, 2050, to promote further discussion.

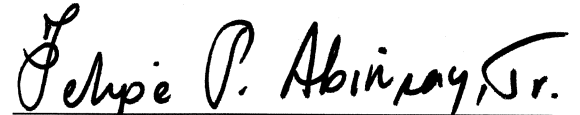
Technical, nonsubstantive amendments were also made for style, clarity, and consistency.

As affirmed by the records of votes of the members of your Committees on Agriculture and Water, Land, & Ocean Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2155, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2155, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on  
behalf of the members of the  
Committees on Agriculture and  
Water, Land, & Ocean Resources,

  
EZRA R. KANOHO, Chair

  
FELIPE P. ABINSAY, JR., Chair





