A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

| 1 | PART I |
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| 2 | SECTION 1. The purpose of this part is to promote fiscal |
| 3 | accountability with regard to agricultural land lease agreement |
| 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 | "[{f]\$163D-7[{f}] 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 |
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preparation of business and agricultural development plans for

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- 1 its projects. The plans shall include a proposal for the
- 2 organization of the enterprise, a marketing information and
- 3 strategy, the impact on existing agricultural operations
- 4 throughout the State, and a recommendation for the construction,
- 5 reconstruction, rehabilitation, improvement, alteration, or
- 6 repair of any infrastructure or accessory facilities in
- 7 connection with any project.
- 8 (c) The corporation may enter into cooperative agreements
- 9 with coordinating entrepreneurs or public agencies when the
- 10 powers, services, and capabilities of the persons or agencies
- 11 are deemed necessary and appropriate for the development and
- 12 implementation of the business and agricultural development
- 13 plans.
- 14 (d) The corporation may purchase, accept, and maintain
- 15 permanent conservation easements, or transfer these easements to
- 16 a qualified land trust in accordance with the federal Natural
- 17 Resources Conservation Service farm and ranch lands protection
- 18 program.
- 19 (e) Notwithstanding any provision of this chapter to the
- 20 contrary, when leasing corporation-controlled agricultural land,
- 21 the corporation may contract with a financial institution
- 22 chartered under chapter 412 or a federal financial institution,

- 1 as defined under section 412:1-109, that transacts business in
- 2 this State to provide lease management services. For the
- 3 purposes of this subsection, "lease management services"
- 4 includes the collection of lease rent and any other moneys owed
- 5 to the corporation related to the lease of agricultural land
- 6 under the corporation's control.
- 7 [(d)] (f) The agricultural planning activities of the
- 8 corporation shall be coordinated with the county planning
- 9 departments and the county land use plans, policies, and
- 10 ordinances.
- 11 [(e)] (g) The corporation may amend the business and
- 12 agricultural development plans as may be necessary.
- 13 [(f)] (h) Any undertaking by the corporation pursuant to
- 14 this chapter shall be with the express written consent of the
- 15 landowner or landowners directly affected."
- 16 PART II
- 17 SECTION 3. The purpose of this part is to ensure the long-
- 18 term availability of lands suitable for agricultural activities
- 19 by authorizing the agribusiness development corporation to lease
- 20 lands acquired under this Act for up to fifty-five years.
- 21 SECTION 4. Section 163D-15.6, Hawaii Revised Statutes, is
- 22 amended to read as follows:

2007-3069 SB837 CD1 SMA-1.doc



| 1 | "[+]\$163D-15.6 Commitment and preservation of agricultural |
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| 2 | leases.[+] (a) The agribusiness development corporation shall |
| 3 | work toward obtaining commitments from landowners in the leeward |
| 4 | and central districts of Oahu that their agricultural leases |
| 5 | shall be for a duration of twenty or more years[$	au$] and shall not |
| 6 | be amended or revoked [in order] to allow for a nonagricultural |
| 7 | use of [such] the land[-]; provided that for lands in central |
| 8 | Oahu acquired under Act , Session Laws of Hawaii 2007, the |
| 9 | agricultural leases shall be for no more than fifty-five years. |
| 10 | (b) To further ensure the preservation of agriculture in |
| 11 | the leeward and central districts of Oahu, the agribusiness |
| 12 | development corporation shall monitor the agricultural leases of |
| 13 | lands [utilizing] using the water from the Waiahole water |
| 14 | system. In the event of any proposed amendment or revocation of |
| 15 | any [such] lease, the corporation shall do all things within its |
| 16 | powers under [+]this chapter[+] to protect and defend the |
| 17 | interests of the agricultural leaseholders to ensure the |
| 18 | continuation of agricultural use for those lands." |
| 19 | PART III |
| 20 | SECTION 5. The purpose of this part is to comply with |
| 21 | article XI, sections 3 and 10 of the state constitution, |
| 22 | relating to the protection of agricultural lands and the |
| | 2007-3069 SB837 CD1 SMA-1.doc |

- 1 promotion of farm ownership and diversified agriculture, by
- 2 establishing a process to ensure that certain lands in the Kunia
- 3 and Ewa areas on Oahu:
- 4 (1) Remain available for agricultural use;
- 5 (2) Are properly managed to ensure continued economic
- 6 viability while used for agriculture; and
- 7 (3) Are managed in a manner that is sensitive to and
- 8 consistent with the needs of farmers in the Kunia and
- 9 Ewa area.
- 10 The legislature finds that this Act is in accordance with
- 11 article XI, sections 3 and 10 of the state constitution, is in
- 12 the public interest, and will preserve agricultural activities
- 13 in the area and a lifestyle that benefits the Kunia and Ewa
- 14 communities and the community at large.
- 15 SECTION 6. (a) The agribusiness development corporation
- 16 may purchase privately-owned agricultural lands located in the
- 17 Kunia and Ewa areas of Oahu.
- 18 (b) The agribusiness development corporation may purchase
- 19 the lands with moneys appropriated under section 8 of this Act.
- 20 (c) The agribusiness development corporation shall submit
- 21 to the legislature a progress report on its actions to obtain

- 1 the Kunia and Ewa agricultural lands no later than twenty days
- 2 prior to the convening of the 2008 regular session.
- 3 SECTION 7. Section 163D-9, Hawaii Revised Statutes, is
- 4 amended by amending subsection (a) to read as follows:
- 5 "(a) The corporation, with the approval of the governor,
- 6 may issue, from time to time, revenue bonds in amounts not
- 7 exceeding the total amount of bonds authorized to be issued by
- 8 the legislature for the purpose of constructing, acquiring,
- 9 remodeling, furnishing, and equipping any project facility,
- 10 including the acquisition of the site thereof[-], or acquiring
- 11 agricultural lands through purchase to sustain and preserve
- 12 viable agricultural enterprises within a contiguous geographic
- 13 area."
- 14 SECTION 8. There is appropriated out of the general
- 15 revenues of the State of Hawaii the sum of \$9,200,000, or so
- 16 much thereof as may be necessary for fiscal year 2007-2008, for
- 17 purchasing agricultural lands owned by private entities in Kunia
- 18 and Ewa on the island of Oahu.
- 19 The sum appropriated shall be expended by the agribusiness
- 20 development corporation for the purposes of this Act.
- 21 PART IV

- 1 SECTION 9. In codifying this Act, the revisor of statutes
- 2 shall insert the appropriate number of this Act in section 4.
- 3 SECTION 10. Statutory material to be repealed is bracketed
- 4 and stricken. New statutory material is underscored.
- 5 SECTION 11. This Act shall take effect on July 1, 2007.

S.B. NO. 837 S.D. 2 H.D. 2 C.D. 1

Report Title:

Agricultural Lands; Agribusiness; Kunia; Ewa

Description:

Authorizes the agribusiness development corporation to purchase agricultural land in Kunia and Ewa from private entities. Appropriates funds to purchase the lands. Enables the agribusiness development corporation to contract with banks to provide lease management services. Allows corporation to lease agricultural lands in Kunia and Ewa for up to 55 years. Appropriates funds. (CD1)