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# A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

PART I

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

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

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

(b) The corporation may initiate and coordinate the preparation of business and agricultural development plans for



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,~~] state, and a recommendation for the  
5 construction, reconstruction, rehabilitation, improvement,  
6 alteration, or repair of any infrastructure or accessory  
7 facilities in 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:



1            "[+] §163D-15.6 Commitment and preservation of agricultural  
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[-] 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 2008, 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, 4, and 10 of the Hawaii Constitution,  
22 relating to the protection of agricultural lands, public land



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

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

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

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

20 "§163D-A Acquisitions of important agricultural lands  
21 authorized by the legislature. (a) The legislature may  
22 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 <sup>must</sup> 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 the land in a lump sum, through an installment purchase  
14 agreement as determined pursuant to section 163D-B, or from  
15 revenues derived from the issuance of revenue bonds pursuant to  
16 section 163D-9.

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



1       (b) The corporation may make payments from moneys  
2 appropriated by the legislature.

3       §163D-C Installment purchase agreements; interest payment.

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

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



1           (c) The corporation shall make semi-annual interest  
 2 payments on the outstanding balance of the installment purchase  
 3 agreement purchase price."

PART IV

5           SECTION 7. Section 163D-9, Hawaii Revised Statutes, is  
 6 amended by amending subsection (a) to read as follows:

7           "(a) The corporation, with the approval of the governor,  
 8 may issue, from time to time, revenue bonds in amounts not  
 9 exceeding the total amount of bonds authorized to be issued by  
 10 the legislature for the purpose of constructing, acquiring,  
 11 remodeling, furnishing, and equipping any project facility,  
 12 including the acquisition of the site thereof[-], or acquiring  
 13 agricultural lands through purchase to sustain and preserve  
 14 viable agricultural enterprises within a contiguous geographic  
 15 area."

PART V

17           SECTION 8. Pursuant to section 163D-A, the agribusiness  
 18 development corporation is authorized to acquire certain  
 19 agricultural lands located on the island of Oahu and owned by  
 20 the Galbraith Estate (Land Court Application 262), tax map keys  
 21 6-5-002:10, 6-5-002:25, 6-5-002:26, 7-1-001:01, 7-1-001:02, 7-1-  
 22 001:03, 7-1-001:05, 7-1-001:06, 7-1-001:07, 7-1-001:08, 7-1-



1 001:011, 7-1-001:12, 7-1-001:13, 7-1-001:17, 7-1-001:20, 7-1-  
2 001:21, 7-1-001:022, 7-1-001:23, 7-1-001:24, 7-1-001:25, 7-1-  
3 001:26, 7-1-001:27, 7-1-001:31, 7-1-001:32.

4 The legislature finds that the lands contain soil qualities  
5 and growing conditions that support agricultural production of  
6 food, fiber, or fuel- and energy producing crops and have  
7 sufficient quantities of water to support viable agricultural  
8 production and to meet the requirements for the protection of  
9 agricultural lands, public land banking, or the promotion of  
10 farm ownership and diversified agriculture.

11 SECTION 9. There is appropriated out of the general  
12 revenues of the State of Hawaii the sum of \$ or so  
13 much thereof as may be necessary for fiscal year 2008-2009 to  
14 purchase agricultural lands located on the island of Oahu and  
15 owned by the Galbraith Estate (Land Court Application 262)  
16 through:

- 17 (1) The purchase of United States Treasury zero coupon  
18 bonds for the negotiated installment purchase  
19 agreement pursuant to section 163D-C, Hawaii Revised  
20 Statutes; or  
21 (2) Lump sum payment.



1           The sum appropriated shall be expended by the agribusiness  
2 development corporation.

3           SECTION 10. In codifying this Act, the revisor of statutes  
4 shall insert the appropriate number of this Act in section 4 and  
5 in codifying the new sections in section 6 of this Act, the  
6 revisor of statutes shall substitute appropriate section numbers  
7 for the letters used in designating the new sections in this  
8 Act.

9           SECTION 11. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11           SECTION 12. This Act shall take effect on July 1, 2020.



**Report Title:**

Agricultural Lands; Agribusiness; Galbraith Estate Lands;  
Appropriation

**Description:**

Enables the agribusiness development corporation to contract with banks to provide lease management services. Allows corporation to lease agricultural lands for up to 55 years. Authorizes the corporation to purchase agricultural lands owned by the Galbraith Estate. Makes an appropriation to acquire Galbraith Estate Lands. (HB2292 HD1)

