
A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

1 PART I

2 SECTION 1. The purpose of this part is to ensure the long-
3 term availability of lands suitable for agricultural activities
4 by authorizing the agribusiness development corporation to lease
5 lands under its control for up to fifty-five years.

6 SECTION 2. Section 163D-15.6, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "~~[+]~~§163D-15.6 **Commitment and preservation of agricultural**
9 **leases.** ~~[+]~~ (a) The [~~agribusiness development~~] corporation
10 shall work toward obtaining commitments from landowners in the
11 leeward and central districts of Oahu that their agricultural
12 leases shall be for a duration of twenty or more years~~[7]~~ and
13 shall not be amended or revoked [~~in order~~] to allow for a
14 nonagricultural use of [~~such~~] the land~~[-]~~; provided that for
15 lands in central Oahu acquired under Act , Session Laws of
16 Hawaii 2008, the agricultural leases shall be for not more than
17 fifty-five years.



1 (b) To further ensure the preservation of agriculture in
2 the leeward and central districts of Oahu, the [~~agri~~~~business~~
3 ~~development~~] corporation shall monitor the agricultural leases
4 of land [~~utilizing~~] using the water from the Waiahole water
5 system. In the event of any proposed amendment or revocation of
6 any such lease, the corporation shall do all things within its
7 powers under [+]~~this chapter~~[+] to protect and defend the
8 interests of the agricultural leaseholders to ensure the
9 continuation of agricultural use for those lands."

10 PART II

11 SECTION 3. The purpose of this part is to comply with
12 sections 3, 4, and 10, article XI, of the state constitution,
13 relating to the protection of agricultural lands, public land
14 banking, and the promotion of farm ownership and diversified
15 agriculture, by establishing a process to ensure that certain
16 agricultural lands on the island of Oahu and owned by Dole Food
17 Company of Hawaii:

- 18 (1) Remain available for agricultural use;
- 19 (2) Are properly managed to ensure their continued
20 economic viability while being used for agriculture;
21 and



1 (3) Are managed in a manner that is sensitive to and
2 consistent with the needs of farmers in the central
3 Oahu and north shore area.

4 The legislature finds that this Act is in accordance with
5 sections 3, 4, and 10, article XI, of the state constitution, is
6 in the public interest, and will preserve agricultural
7 activities in the area and a lifestyle that benefits the
8 community at large.

9 SECTION 4. Chapter 163D, Hawaii Revised Statutes, is
10 amended by adding three new sections to be appropriately
11 designated and to read as follows:

12 "§163D-A Acquisitions of important agricultural lands
13 authorized by the legislature. (a) The legislature may
14 authorize the corporation to acquire interests in agricultural
15 lands for the protection of agricultural lands, public land
16 banking, or the promotion of farm ownership and diversified
17 agriculture.

18 (b) The acquisition shall be authorized by bill enacted
19 into law and shall contain:

20 (1) A statement of the value of the interest in land
21 having value as a resource to the State;



1 (2) A description of the type of interest and the specific
2 parcel of land that is being proposed to be acquired;

3 (3) The owner of the property; and

4 (4) The estimated costs for acquisition of the interest in
5 the land.

6 (c) The landowner shall receive payment for the interest
7 being acquired in a lump sum or through an installment purchase
8 agreement as determined pursuant to section 163D-B.

9 **§163D-B Acquisitions; payment.** (a) If the landowner
10 agrees to the sale of the interest in land pursuant to section
11 163D-A, the landowner and the corporation shall agree on whether
12 the landowner shall receive payment for the interests in a lump
13 sum or through an installment purchase agreement pursuant to
14 section 163D-C.

15 (b) The corporation may make payments from an
16 appropriation of moneys authorized by the legislature by law.

17 **§163D-C Installment purchase agreement; interest payment.**

18 (a) The legislature may authorize the corporation to negotiate
19 an installment purchase agreement for the acquisition of certain
20 interests in specific parcels of land for the protection of
21 agricultural lands, public land banking, or the promotion of
22 farm ownership and diversified agriculture. The installment



1 purchase agreement shall be structured pursuant to the
2 requirements of the Internal Revenue Code of 1986, as amended,
3 to defer recognition of capital gain until all of the purchase
4 price is paid. The agreement shall include provisions for the
5 periodic payment of a portion of the purchase price with the
6 remainder of the purchase price paid at the end of the term of
7 the agreement. The legislature shall authorize the purchase of
8 United States Treasury zero coupon bonds for the installment
9 purchase agreement with a maturity date equal to the term of the
10 agreement.

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

15 (c) The corporation shall make semi-annual interest
16 payments on the outstanding balance of the installment purchase
17 agreement purchase price."

18 PART III

19 SECTION 5. Pursuant to section 163D-A, Hawaii Revised
20 Statutes, the legislature authorizes the agribusiness
21 development corporation to acquire certain agricultural lands
22 located on the island of Oahu and owned by the Dole Food Company



1 of Hawaii, Land Court Application No. , tax map parcels:

2 , comprising of acres, more or less.

3 The legislature finds that the lands:

4 (1) Contain soil qualities and growing conditions that
5 support agricultural production of food, fiber, or
6 biofuel feedstock and energy producing crops;

7 (2) Has sufficient quantities of water to support viable
8 agricultural production; and

9 (3) Meets the requirements for the protection of
10 agricultural lands, public land banking, and the
11 promotion of farm ownership and diversified
12 agriculture.

13 SECTION 6. There is appropriated out of the general
14 revenues of the State of Hawaii the sum of \$ or so much
15 thereof as may be necessary for fiscal year 2008-2009 to
16 purchase agricultural lands located on the island of Oahu and
17 owned by the Dole Food Company of Hawaii, tax map parcels:

18 through :

19 (1) The purchase of United States Treasury zero coupon
20 bonds for a negotiated installment purchase agreement
21 pursuant to section 163D-C, Hawaii Revised Statutes;

22 or



1 (2) Lump sum payment.

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

4 SECTION 7. In compiling this Act, the revisor of statutes
5 shall insert the number of this Act in the language being added
6 to section 163D-15.6, Hawaii Revised Statutes, by section 2 of
7 this Act.

8 SECTION 8. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

10 SECTION 9. This Act shall take effect on July 1, 2008.

11

INTRODUCED BY:

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JAN 15 2008



Report Title:

Agriculture; Agribusiness Development Corporation

Description:

Authorizes the agribusiness development corporation to acquire interests in agricultural lands through lump sum purchase or installment purchase agreements. Makes an appropriation for the acquisition of certain lands in central Oahu owned by Dole Food Company of Hawaii.

