

JAN 18 2008

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 promote fiscal
3 accountability with regard to agricultural land lease agreements
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 "[+]§163D-7[+] **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
17 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, 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 " [+] §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 state 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 state 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 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 163 D-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.



1 001:011, 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, 2008.

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INTRODUCED BY: *Jill*
Russell Kolt
D. O. O. J. K.
Shiranne Chun Oakland
Mike Gattard



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.

