



1 ranchers, and landowners of important agricultural lands that  
2 define informational needs and timeframes for permit processing.

3 (b) Each county shall develop rules for exempting from  
4 permit conditions structures strictly used for storage and that:

5 (1) Are not attached to any other structure; and

6 (2) Do not have any plumbing, heating, or electrical  
7 systems.

8 (c) For purposes of this section:

9 "Structures associated with important agricultural lands"  
10 means post-harvest handling facilities, processing facilities  
11 and value added production facilities, when a majority of the  
12 feedstocks or agricultural products handled or processed by the  
13 facility originate from important agricultural lands.

14 "Important agricultural lands" are lands designated  
15 pursuant to sections 205-44 and 205-45."

16 **PART II**

17 **INCORPORATION INTO GENERAL PLANS**

18 **SECTION 2.** Section 226-58, Hawaii Revised Statutes, is  
19 amended to read as follows:

20 **"§226-58 County general plans.** (a) The county general  
21 plans and development plans shall be formulated with input from  
22 the state and county agencies as well as the general public.



1 County general plans or development plans shall indicate  
2 desired population and physical development patterns for each  
3 county and regions within each county. In addition, county  
4 general plans or development plans shall address the unique  
5 problems and needs of each county and regions within each  
6 county. The county general plans or development plans shall  
7 further define applicable provisions of this chapter; provided  
8 that any amendment to the county general plan of each county  
9 shall not be contrary to the county charter. The formulation,  
10 amendment, and implementation of county general plans or  
11 development plans shall take into consideration statewide  
12 objectives, policies, and programs stipulated in state  
13 functional plans approved in consonance with this chapter.

14 (b) County general plans shall be formulated on the basis  
15 of sound rationale, data, analyses, and input from state and  
16 county agencies and the general public, and contain objectives  
17 and policies as required by the charter of each county.

18 Further, the county general plans should:

- 19 (1) Contain objectives to be achieved and policies to be  
20 pursued with respect to population density, land use,  
21 transportation system location, public and community  
22 facility locations, water and sewage system locations,



1 visitor destinations, urban design, and all other  
2 matters necessary for the coordinated development of  
3 the county and regions within the county; and

4 (2) Contain implementation priorities and actions to carry  
5 out policies to include but not be limited to land use  
6 maps, programs, projects, regulatory measures,  
7 standards and principles, and interagency coordination  
8 provisions.

9 (c) County general plans shall include accommodation for  
10 the designation of important agricultural lands.

11 (1) County identification of important agricultural lands  
12 shall follow the standards and criteria identified in  
13 section 205-44(c) and consider the following:

14 (A) Lands meeting any of the criteria in section 205-  
15 44(c) shall be given initial consideration;  
16 provided that the designation of important  
17 agricultural lands shall be made by weighing the  
18 standards and criteria with each other to meet  
19 the constitutionally mandated purposes in article  
20 XI, section 3, of the Hawaii State Constitution  
21 and the objectives and policies for important  
22 agricultural lands in sections 205-42 and 205-43;





1           "§246-     Important agricultural lands; structures.   (a)

2   Any other law to the contrary notwithstanding, any permanent  
3   structure constructed or installed on any taxable real property  
4   designated as important agricultural lands, for activities  
5   related to growing of crops or maintaining of livestock,  
6   processing of products grown or raised on such lands or value  
7   added production, shall be exempted in determining and assessing  
8   the value of that taxable real property for ten years or for a  
9   period of ten years from the first day of January following  
10   commencement of construction or installation of the structure on  
11   the property for such purposes; provided that any temporary  
12   structure so constructed or installed for such purpose, shall be  
13   so exempted not subject to the ten-year limitation; provided  
14   further that such exemption shall continue only so long as the  
15   structure is maintained in good condition. Only structures used  
16   for commercial agricultural or horticultural purposes shall be  
17   included in this exemption.

18           (b) For the purposes of this chapter:

19           "Structures associated with important agricultural lands"

20   means post harvest handling facilities, processing facilities  
21   and value added production facilities; provided that a majority



1 of the feedstocks handled or processed by the facility shall be  
2 produced on lands designated as important agricultural lands.

3 "Important agricultural lands" are lands designated  
4 pursuant to sections 205-44 and 205-45.

5 §246- Important agricultural lands; exemption. (a) Any  
6 portion of real property that is designated as important  
7 agricultural lands pursuant to part III of chapter 205 shall be  
8 exempt from real property taxes; provided that the exemption  
9 shall continue only so long as the property remains classified  
10 as important agricultural lands."

11 **PART IV**

12 **ENERGY**

13 SECTION 4. Chapter 269, Hawaii Revised Statutes, is  
14 amended by adding a new section to be appropriately designated  
15 and to read as follows:

16 "§269- Preferential energy rates; important agricultural  
17 lands. (a) The public utilities commission shall establish, by  
18 rule or decision and order, preferential rates for the purchase  
19 of energy that is used or consumed for agricultural activities  
20 on important agricultural lands, as designated pursuant to  
21 sections 205-44 and 205-45.







1 designated as important agricultural lands are hereby declared  
2 to be an enterprise zone. Qualified persons who engage in  
3 qualified agricultural activities who do not meet the  
4 eligibility requirements of section 209E-9 shall nonetheless be  
5 entitled to the tax credits described in section 209E-B.

6 §209E-B Important agricultural lands tax credit. (a) The  
7 department of land and natural resources shall certify annually  
8 to the department of taxation the applicability of the tax  
9 credit provided in this section for qualified persons against  
10 any taxes due the State. Except for the general excise tax, the  
11 credit shall be eighty per cent of the tax due for the first tax  
12 year, seventy per cent of the tax due for the second tax year,  
13 sixty per cent of the tax due for the third year, fifty per cent  
14 of the tax due the fourth year, forty per cent of the tax due  
15 the fifth year, thirty per cent of the tax due the sixth year,  
16 and twenty per cent of the tax due the seventh year. For  
17 qualified persons engaged in the producing or processing of  
18 agricultural products, the credit shall continue after the  
19 seventh year at the rate of twenty per cent of the tax due for  
20 each of the subsequent three tax years. Any unused tax credit  
21 shall not be applied to future tax years.



1        (b) When a partnership is eligible for a tax credit under  
2 this section, each partner shall be eligible for the tax credit  
3 provided for in this section on the partner's individual income  
4 tax return in proportion to the amount of income received by the  
5 partner from the partnership. Any qualified person having  
6 taxable income from qualified agricultural activity, both within  
7 and without important agricultural lands, shall allocate and  
8 apportion its taxable income attributable to the conduct of  
9 business. Tax credits provided for in this section shall only  
10 apply to taxable income of a qualified person attributable to  
11 the conduct of agricultural activities within important  
12 agricultural lands located within the same county.

13        (c) In addition to any tax credit authorized under this  
14 section, any qualified business shall be entitled to a tax  
15 credit against any taxes due the State in an amount equal to a  
16 percentage of unemployment taxes paid. The amount of the credit  
17 shall be equal to eighty per cent of the unemployment taxes paid  
18 during the first year, seventy per cent of the taxes paid during  
19 the second year, sixty per cent of the taxes paid during the  
20 third year, fifty per cent of the taxes paid during the fourth  
21 year, forty per cent of the taxes paid during the fifth year,  
22 thirty per cent of the taxes paid during the sixth year, and



1 twenty per cent of the taxes paid during the seventh year. For  
2 qualified persons engaged in the producing or processing of  
3 agricultural products, the credit shall continue after the  
4 seventh year in an amount equal to twenty per cent of the taxes  
5 paid during each of the subsequent three tax years.

6 (d) Tax credits provided for in subsection (c) shall only  
7 apply to the unemployment tax paid on employees employed at the  
8 qualified person's establishment or establishments within  
9 important agricultural lands located within the same county.  
10 Any tax credit not usable shall not be applied to future tax  
11 years.

12 (e) The department of land and natural resources shall  
13 certify annually to the department of taxation that any  
14 qualified business is exempt from the payment of general excise  
15 taxes on the gross proceeds from a qualified agricultural  
16 activity. The exemption shall extend for a period not to exceed  
17 seven years; provided that for qualified businesses engaged in  
18 the manufacturing of tangible personal property or the producing  
19 or processing of agricultural products, the exemption shall  
20 extend for a period not to exceed ten years; provided further  
21 that if a force majeure event occurs, then the period of time  
22 shall be tolled until the force majeure event ceases."



1 SECTION 7. Section 209E, Hawaii Revised Statutes, is  
2 amended by adding three new definitions to be appropriately  
3 inserted and to read as follows:

4 "Important agricultural lands" means those lands  
5 designated pursuant to sections 205-44 and 205-45.

6 "Qualified agricultural activities" are those activities  
7 described in section 205-4.5(a) (1), (2), (3), (11), (13), (16),  
8 and (18) that occur on important agricultural land.

9 "Qualified person" means an owner or lessee of important  
10 agricultural lands, whether an individual, corporation,  
11 partnership, or other business entity, that engages in qualified  
12 agricultural activities on the important agricultural lands."

13 PART VII

14 REDUCING INFRASTRUCTURE REQUIREMENTS

15 SECTION 8. Chapter 46, Hawaii Revised Statutes, is amended  
16 by adding a new section to be appropriately designated and to  
17 read as follows:

18 "§46- Important agricultural lands; infrastructure. No  
19 county agency that issues building, construction, or development  
20 related permits shall require an applicant who is an owner or  
21 lessee of important agricultural land to construct or install  
22 any infrastructure for the improvements to be installed by the



1 applicant, including the installation of roadways, sidewalks,  
2 and street lighting. In lieu of the county requirements for the  
3 improvements, the applicant shall obtain the approval of the  
4 department of agriculture for the proposed plan for the  
5 improvements, which approval shall be submitted to the county  
6 together with all other requirements for the building,  
7 construction, or development related permits.

8 For purposes of this section, "important agricultural  
9 lands" are lands designated pursuant to sections 205-44 and 205-  
10 45."

11 SECTION 9. Section 141-1, Hawaii Revised Statutes, is  
12 amended to read as follows:

13 "§141-1 Duties in general. The department of agriculture  
14 shall:

15 (1) Gather, compile, and tabulate, from time to time,  
16 information and statistics concerning:

17 (A) Entomology and plant pathology: Insects, scales,  
18 blights, and diseases injurious or liable to  
19 become injurious to trees, plants, or other  
20 vegetation, and the ways and means of  
21 exterminating pests and diseases already in the



1 State and preventing the introduction of pests  
2 and diseases not yet here; and

3 (B) General agriculture: Fruits, fibres, and useful  
4 or ornamental plants and their introduction,  
5 development, care, and manufacture or  
6 exportation, with a view to introducing,  
7 establishing, and fostering new and valuable  
8 plants and industries;

9 (2) Encourage and cooperate with the agricultural  
10 extension service and agricultural experiment station  
11 of the University of Hawaii and all private persons  
12 and organizations doing work of an experimental or  
13 educational character coming within the scope of the  
14 subject matter of chapters 141, 142, and 144 to 150A,  
15 and avoid, as far as practicable, duplicating the work  
16 of those persons and organizations;

17 (3) Enter into contracts, cooperative agreements, or other  
18 transactions with any person, agency, or organization,  
19 public or private, as may be necessary in the conduct  
20 of the department's business and on such terms as the  
21 department may deem appropriate; provided that the  
22 department shall not obligate any funds of the State,



1           except the funds that have been appropriated to the  
2           department. Pursuant to cooperative agreement with  
3           any authorized federal agency, employees of the  
4           cooperative agency may be designated to carry out, on  
5           behalf of the State the same as department personnel,  
6           specific duties and responsibilities under chapters  
7           141, 142, 150A, and rules adopted pursuant to those  
8           chapters, for the effective prosecution of pest  
9           control and animal disease control and the regulation  
10          of import into the State and intrastate movement of  
11          regulated articles;

12          (4) Secure copies of the laws of other states,  
13          territories, and countries, and other publications  
14          germane to the subject matters of chapters 141, 142,  
15          and 144 to 150A, and make laws and publications  
16          available for public information and consultation;

17          (5) Provide buildings, grounds, apparatus, and  
18          appurtenances necessary for the examination,  
19          quarantine, inspection, and fumigation provided for by  
20          chapters 141, 142, and 144 to 150A; for the obtaining,  
21          propagation, study, and distribution of beneficial  
22          insects, growths, and antidotes for the eradication of



1 insects, blights, scales, or diseases injurious to  
2 vegetation of value and for the destruction of  
3 injurious vegetation; and for carrying out any other  
4 purposes of chapters 141, 142, and 144 to 150A;

5 (6) Formulate and recommend to the governor and  
6 legislature additional legislation necessary or  
7 desirable for carrying out the purposes of chapters  
8 141, 142, and 144 to 150A;

9 (7) Publish at the end of each year a report of the  
10 expenditures and proceedings of the department and of  
11 the results achieved by the department, together with  
12 other matters germane to chapters 141, 142, and 144 to  
13 150A and that the department may deem proper;

14 (8) Administer a program of agricultural planning and  
15 development, including the formulation and  
16 implementation of general and special plans, including  
17 but not limited to the functional plan for  
18 agriculture; administer the planning, development, and  
19 management of the agricultural park program; plan,  
20 construct, operate, and maintain the state irrigation  
21 water systems; review, interpret, and make  
22 recommendations with respect to public policies and





1 actions relating to agricultural land and water use;  
 2 assist in research, evaluation, development,  
 3 enhancement, and expansion of local agricultural  
 4 industries; and serve as liaison with other public  
 5 agencies and private organizations for the above  
 6 purposes. In the foregoing, the department shall act  
 7 to conserve and protect agricultural lands and  
 8 irrigation water systems, promote diversified  
 9 agriculture, increase agricultural self-sufficiency,  
 10 and ensure the availability of agriculturally suitable  
 11 lands; [~~and~~]

12 (9) Manage, administer, and exercise control over any  
 13 public lands, as defined under section 171-2, that are  
 14 designated important agricultural lands pursuant to  
 15 section 205-44.5, including but not limited to  
 16 establishing priorities for the leasing of these  
 17 public lands within the department's jurisdiction[-];  
 18 and

19 (10) Review the agricultural plans described in section  
 20 46- , and approve, disapprove, or conditionally  
 21 approve the agricultural plans."

PART VIII



**DAMS**

1  
2 SECTION 10. To assure that important agricultural lands  
3 may support a robust agricultural industry and thereby support  
4 the goals of food security and agricultural sustainability, a  
5 sustainable and effective system for irrigation and agricultural  
6 water must be sought. Currently, many dams in Hawaii within  
7 areas that may be designated as important agricultural lands are  
8 in dire need of repair. Landowners need financial assistance in  
9 making these repairs. Accordingly, part VIII of this Act  
10 addresses those needs.

11 SECTION 11. Section 179D-25, Hawaii Revised Statutes, is  
12 amended by amending subsection (a) to read as follows:

13 "(a) There is established in the department a special  
14 fund, to be designated the dam and reservoir safety special  
15 fund. The fund shall be administered by the board. The  
16 following shall be deposited into the dam and reservoir safety  
17 special fund:

- 18 (1) Appropriations by the legislature;  
19 (2) All fees and administrative charges collected under  
20 this chapter or any rule adopted thereunder;  
21 (3) Moneys collected as fines or penalties imposed under  
22 this chapter or any rule adopted thereunder;



- 1 (4) Moneys derived from public or private sources to
- 2 benefit dam and reservoir safety;
- 3 (5) Moneys collected in full or partial satisfaction of
- 4 liens created under this chapter;
- 5 (6) Any moneys collected from the sale of retail items by
- 6 the department relating to dam and reservoir safety;
- 7 (7) Any other moneys collected pursuant to this chapter or
- 8 any rules adopted thereunder; ~~and~~
- 9 (8) Fees deposited pursuant to section 243-3.5; and
- 10 ~~[(8)]~~ (9) Moneys derived from interest, dividends, or other
- 11 income from other sources."

12 SECTION 12. Section 243-3.5, Hawaii Revised Statutes, is

13 amended by amending subsection (a) to read as follows:

14 "(a) In addition to any other taxes provided by law,

15 subject to the exemptions set forth in section 243-7, there is

16 hereby imposed a state environmental response, energy, and food

17 security tax on each barrel or fractional part of a barrel of

18 petroleum product sold by a distributor to any retail dealer or

19 end user of petroleum product, other than a refiner. The tax

20 shall be \$1.05 on each barrel or fractional part of a barrel of

21 petroleum product that is not aviation fuel; provided that of

22 the tax collected pursuant to this subsection:



1 (1) 5 cents of the tax on each barrel shall be deposited  
2 into the environmental response revolving fund  
3 established under section 128D-2;

4 (2) 15 cents of the tax on each barrel shall be deposited  
5 into the energy security special fund established  
6 under section 201-12.8;

7 (3) 10 cents of the tax on each barrel shall be deposited  
8 into the energy systems development special fund  
9 established under section 304A-2169; [and]

10 (4) 5 cents of the tax on each barrel shall be deposited  
11 into the dam and reservoir safety special fund  
12 established under section 179D-25; and

13 ~~[-(4)]~~ (5) ~~[15]~~ 10 cents of the tax on each barrel shall be  
14 deposited into the agricultural development and food  
15 security special fund established under section  
16 141-10.

17 The tax imposed by this subsection shall be paid by the  
18 distributor of the petroleum product."

19 SECTION 13. There is appropriated out of the general  
20 revenues of the State of Hawaii the sum of \$ or so  
21 much thereof as may be necessary for the fiscal year 2011-2012,  
22 and the same amount or so much thereof as may be necessary for



1 the fiscal year 2012-2013, the to restore funding for the  
2 restoration of dams located within land designated as important  
3 agricultural lands, pursuant to chapter 205, Hawaii Revised  
4 Statutes.

5 The sums appropriated shall be expended by the department  
6 of land and natural resources for the purposes of this Section.

7 **Part IX**

8 **MISCELLANEOUS PROVISIONS**

9 SECTION 14. In codifying the new sections added by section  
10 6 of this Act, the revisor of statutes shall substitute  
11 appropriate section numbers for the letters used in designating  
12 the new sections in this Act.

13 SECTION 15. Statutory material to be repealed is bracketed  
14 and stricken. New statutory material is underscored.

15 SECTION 16. This Act shall take effect upon its approval;  
16 provided that:

17 (1) Part VIII of this Act shall take effect on July 1,  
18 2011;

19 (2) Part III of this Act shall apply for the taxable years  
20 beginning after December 31, 2012; and

21 (3) The amendments made to section 243-3.5, Hawaii Revised  
22 Statutes, shall not be repealed when section 243-3.5,

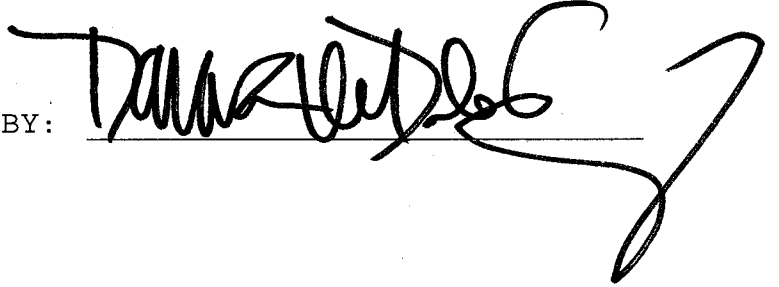


# S.B. NO. 1559

1 Hawaii Revised Statutes, is reenacted on June 30,  
2 2015, pursuant to Act 73, Session Laws of Hawaii 2010.

3

INTRODUCED BY:

A large, stylized handwritten signature in black ink, written over a horizontal line. The signature is cursive and appears to be the name of the bill's author.

**Report Title:**

Important Agricultural Lands; Incentives; Counties;  
Appropriations

**Description:**

Establishes incentives for important agricultural lands, including reduction of unnecessary infrastructure requirements, expedited permitting procedures, tax incentives, and funding mechanisms for dams that provide irrigation for agricultural activities on important agricultural lands.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

