
A BILL FOR AN ACT

RELATING TO AGRICULTURAL FACILITIES.

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

PART I

1
2 SECTION 1. One of the missions of the department of
3 business, economic development, and tourism is to promote
4 industrial development and economic diversification by
5 supporting existing and emerging industries, increasing exports
6 of Hawaii products, and expanding Hawaii's participation in
7 global trade and commerce. The department has prepared a
8 statewide comprehensive economic development strategy. The
9 strategy's report for the island of Hawaii found that, because
10 of the island's strong orientation toward diversified
11 agriculture, development of a central marketing facility for
12 collection, consolidation, packing, and shipping of products
13 continues to be a priority. As a means of achieving this
14 priority, agricultural exporters have expressed interest in
15 utilizing the relatively unused foreign trade zone no. 9 located
16 in Hilo.

17 The legislature also recognizes that agriculture is and has
18 been a major economic driver of the county of Hawaii. To



1 preserve this economic driver and increase its value, the
2 department of business, economic development, and tourism, in
3 collaboration with the department of agriculture, should perform
4 planning and economic impact and feasibility studies for one or
5 more facilities on the island of Hawaii for quarantine
6 inspection, quarantine treatment, deconsolidation, and
7 consolidation of agricultural commodities for both import and
8 export.

9 The purpose of this part is to authorize the department of
10 business, economic development, and tourism, in collaboration
11 with the department of agriculture, to:

12 (1) Perform planning and feasibility studies for one or
13 more quarantine inspection, quarantine treatment,
14 deconsolidation, and consolidation facilities on the
15 island of Hawaii; and

16 (2) Perform a marketing and economic impact analysis for
17 one or more of the facilities.

18 SECTION 2. (a) The department of business, economic
19 development, and tourism, in collaboration with the department
20 of agriculture, may:

21 (1) Perform planning and feasibility studies for the
22 development of one or more facilities to be used for



1 quarantine inspection, quarantine treatment,
2 deconsolidation, and consolidation of imported and
3 exported agricultural commodities on the island of
4 Hawaii; and

5 (2) Perform a marketing and economic impact analysis for
6 one or more of the facilities under paragraph (1).

7 (b) The studies and analysis shall include, in addition to
8 foreign trade zone no. 9 in Hilo, the following alternative
9 locations:

10 (1) The land parcel managed by the department of business,
11 economic development, and tourism currently housing
12 the foreign trade zone neighboring the Hilo
13 international airport; and

14 (2) On the west side of the island of Hawaii, the Kawaihae
15 harbor area that the department of transportation,
16 harbors division, has proposed for biosecurity
17 facilities.

18 SECTION 3. The department of business, economic
19 development, and tourism shall submit a report, including
20 recommendations and any proposed legislation, to the
21 legislature, no later than twenty days prior to the convening of
22 the regular session of 2015, on the status of the planning and



1 feasibility studies and marketing and economic analysis for the
2 development of one or more facilities on the island of Hawaii to
3 be used for quarantine inspection, quarantine treatment,
4 deconsolidation, and consolidation of imported and exported
5 agricultural commodities.

6 SECTION 4. There is appropriated out of the general
7 revenues of the State of Hawaii the sum of \$ or so
8 much thereof as may be necessary for fiscal year 2014-2015 for
9 planning and feasibility studies and a marketing and economic
10 impact analysis for one or more facilities on the island of
11 Hawaii to be used for quarantine inspection, quarantine
12 treatment, deconsolidation, and consolidation of imported and
13 exported agricultural commodities.

14 The sum appropriated shall be expended by the department of
15 business, economic development, and tourism for the purposes of
16 this part.

17 **PART II**

18 SECTION 5. One of the missions of the department of
19 business, economic development, and tourism is to promote
20 industrial development and economic diversification by
21 supporting existing and emerging industries, increasing exports
22 of Hawaii products, and expanding Hawaii's participation in



1 global trade and commerce. The department has prepared a
2 statewide comprehensive economic development strategy. The
3 strategy's report found that because Hawaii, particularly
4 central Oahu, has a strong orientation toward diversified
5 agriculture, identifying agricultural areas designated for the
6 collection, consolidation, packing, and shipping of agricultural
7 products continues to be a priority. As a means of achieving
8 this priority, persons in the agricultural industry have
9 expressed interest in expanding their operations through the
10 leveraging of available resources available to them.

11 The legislature also recognizes that agriculture is and has
12 long been a major economic driver for the State. To preserve
13 this economic driver and increase its value, the department of
14 business, economic development, and tourism, in collaboration
15 with the department of agriculture, should perform planning,
16 economic impact, and feasibility studies for one or more
17 designated foreign-trade zone sites in central Oahu for the
18 storage, deconsolidation, consolidation, processing,
19 preparation, and packaging of imported and exported agricultural
20 commodities. Designated foreign-trade zone areas can help
21 further this initiative by making United States companies more
22 competitive by offsetting customs advantages available to



1 overseas producers that compete domestically and
2 internationally.

3 The purpose of this part is to authorize the department of
4 business, economic development, and tourism, in collaboration
5 with the department of agriculture, to:

- 6 (1) Perform planning and feasibility studies for the
7 implementation of designated foreign-trade zone sites
8 for storage, deconsolidation, consolidation,
9 processing, preparation, and packaging of imported and
10 exported agricultural commodities; and
- 11 (2) Perform a marketing and economic impact analysis for
12 the implementation of designated foreign-trade zone
13 sites in central Oahu, specifically parcels of land
14 identified by the following tax map keys: 7-1-002:
15 004, 7-1-002: 009, and 7-1-002: 023.

16 SECTION 6. (a) The department of business, economic
17 development, and tourism, in collaboration with the department
18 of agriculture, may:

- 19 (1) Perform planning and feasibility studies for the
20 implementation of designated foreign-trade zone sites
21 for storage, deconsolidation, consolidation,



1 processing, preparation, and packaging of imported and
2 exported agricultural commodities; and

3 (2) Perform a marketing and economic impact analysis for
4 the implementation of designated foreign-trade zone
5 sites in central Oahu.

6 (b) The studies and analysis shall include parcels of land
7 identified by the following tax map keys: 7-1-002: 004, 7-1-
8 002: 009, and 7-1-002: 023.

9 SECTION 7. The department of business, economic
10 development, and tourism shall submit a report, including
11 recommendations and any proposed legislation, to the
12 legislature, no later than twenty days prior to the convening of
13 the regular session of 2015, on the status of the planning and
14 feasibility studies and marketing and economic analysis for the
15 implementation of one or more designated foreign-trade zone
16 sites in central Oahu for the storage, deconsolidation,
17 consolidation, processing, preparation, and packaging of
18 imported and exported agricultural commodities.

19 SECTION 8. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$ or so much
21 thereof as may be necessary for fiscal year 2014-2015 for
22 planning and feasibility studies and a marketing and economic



1 impact analysis for one or more designated foreign-trade zone
2 sites in central Oahu for storage, deconsolidation,
3 consolidation, processing, preparation, and packaging of
4 imported and exported agricultural commodities.

5 The sum appropriated shall be expended by the department of
6 business, economic development, and tourism for the purposes of
7 this part.

8 **PART III**

9 SECTION 9. The legislature finds that technology
10 applications have greatly assisted farmers with various tasks.
11 These cyber tools monitor irrigation systems, mapping, grazing,
12 pest management, harvest, weather, and fertilizer applications,
13 all in real-time. These sophisticated technologies also have
14 additional benefits in material cost, labor, and fuel savings
15 because the farmer can refer to electronic files rather than
16 driving out to a specific field. Reports show that the
17 technology-savvy farmer is able to speed up the decision making
18 cycle and do the job much more effectively.

19 The legislature further finds that farmers are adopting
20 more technology at a rapid pace. Many of today's farmers carry
21 either a tablet and smartphone, or both. Such tools digitize
22 information that in the past were kept in notebooks; this



1 information can now be stored online in a cloud-based system,
2 where it can be shared instantly with fellow farmers. Moreover,
3 as the federal government moves forward with the FDA Food Safety
4 Modernization Act (P.L. 111-353), technological applications
5 will be needed to assist farmers in tracking crops, including by
6 categories of fields, soil types, and irrigation control.

7 The legislature also finds that as the State's food needs
8 climb, and more farmers set their sights on local food
9 production, the risk-taking experienced by farmers will be even
10 more critical to the State's goal of achieving food
11 sustainability. Agricultural communities, such as Monterey Bay,
12 California, and St. Louis, Missouri, have focused on economic
13 clusters to aid businesses. The clusters used in these regions
14 were focused on agriculture – specifically, an agricultural
15 technology cluster. The purpose of the clusters was to create a
16 hub, sparking innovation and bringing together technology
17 entrepreneurs and farmers to keep the agricultural industry
18 thriving.

19 The legislature additionally finds that Hawaii imports
20 about ninety per cent of its food. Challenges such as drought,
21 selling produce at lower prices to compete with imported
22 products, cost of labor and supplies, and workforce housing have



1 squeezed profits – hampering business growth or even resulting
2 in farmers going out of business. As a result, more farmers are
3 looking to technology entrepreneurs to come up with ways to make
4 the industry more efficient.

5 The legislature further finds that many farmers looking for
6 an additional source of revenue for their farms have implemented
7 elements of agricultural tourism. Agricultural tourism, or
8 agritourism, is a commercial enterprise at a working farm,
9 ranch, agricultural plant, or park conducted for the enjoyment
10 or education of visitors, which generates supplemental income
11 for the owner. Agritourism can include farm stands or shops,
12 tours, on-farm classes, fairs, festivals, pumpkin patches,
13 Christmas tree farms, weddings, orchard dinners, youth camps,
14 and more. Many growers in the country offer agritourism
15 opportunities to the public as a way of improving a farm's
16 visibility and profitability. For example, in California,
17 agritourism serves as a vital strategy for diversifying and
18 boosting profit for a small but significant number of the
19 state's farms. Since 2008, more than 2,400,000 visitors have
20 participated in agritourism at California farms and ranches,
21 with the state's agritourism operations and economic potential
22 expected to continue to grow.



1 The legislature also finds that in 2012, as a way to save
2 an industry, the State purchased and acquired one thousand seven
3 hundred acres of agricultural land from the Galbraith Trust.
4 These lands do not have any infrastructure, storage, or
5 warehouse facilities on them. However, former agricultural and
6 industrial lands nearby do contain and support such activity.
7 These nearby parcels, recently acquired by the State, have
8 infrastructure and warehouses to support food safety, packaging,
9 processing, and storing produce farmed on the nearby lands.
10 Processes and technologies will need to be updated to keep up
11 with federal regulations.

12 The purpose of this part is to establish an agricultural
13 technology park that can bridge the agricultural and technology
14 gap and be used to provide agritourism benefits.

15 SECTION 10. Chapter 206M, Hawaii Revised Statutes, is
16 amended by adding a new part to be appropriately designated and
17 to read as follows:

18 **"PART . AGRICULTURAL TECHNOLOGY PARK**

19 **§206M- Agricultural technology park; established.**

20 There is established an agricultural technology park that shall
21 include properties identified by the following tax map key



1 numbers: 71002004, 71002023, and 71002099. The park shall be
2 administered by the board.

3 **§206M- Objective of the agricultural technology park.**

4 The objective of the agricultural technology park shall be to
5 build relationships and promote collaboration between the
6 agricultural and technology sectors to assist farmers and
7 provide them with tools to succeed in the modern world. The
8 agricultural technology park shall also be used to:

- 9 (1) Establish a strategy for securing investments in
10 agricultural state facilities and providing jobs for
11 rural communities; and
- 12 (2) Support agricultural tourism and provide benefits to
13 agricultural producers within the agricultural
14 technology park, including additional sources of
15 revenue and increased public exposure to agricultural
16 products.

17 **§206M- Guidelines.** (a) The board shall develop the
18 agricultural technology park in consultation with but not
19 limited to the: Hawaii housing finance and development
20 corporation, department of agriculture, department of education,
21 agribusiness development corporation, and University of Hawaii
22 college of tropical agriculture and human resources.



1 (b) When designing and planning the park, the board and
 2 the agencies in subsection (a) may enter into cooperative
 3 agreements with coordinating entrepreneurs or public agencies
 4 that have the powers, services, and capabilities deemed
 5 necessary and appropriate for the development and implementation
 6 of the business and agricultural development plans.

7 (c) Planning and design of the park shall comply with
 8 community and county master plans and urban design plans."

9 SECTION 11. Section 206M-2, Hawaii Revised Statutes, is
 10 amended by amending subsection (a) to read as follows:

11 "(a) There is established the high technology development
 12 corporation, which shall be a public body corporate and politic
 13 and an instrumentality and agency of the State. The development
 14 corporation shall be placed within the department of business,
 15 economic development, and tourism for administrative purposes,
 16 pursuant to section 26-35. The purpose of the development
 17 corporation shall be to facilitate the growth and development of
 18 the commercial high technology industry in Hawaii. Its duties
 19 shall include, but not be limited to:

- 20 (1) Developing and encouraging industrial parks as high
- 21 technology innovation centers and developing or
- 22 assisting with the development of projects within or



- 1 outside of industrial parks, including participating
- 2 with the private sector in such development;
- 3 (2) Providing financial and other support and services to
- 4 Hawaii-based high technology companies;
- 5 (3) Collecting and analyzing information on the state of
- 6 commercial high technology activity in Hawaii;
- 7 (4) Promoting and marketing Hawaii as a site for
- 8 commercial high technology activity; [~~and~~]
- 9 (5) Providing advice on policy and planning for
- 10 technology-based economic development[~~-~~]; and
- 11 (6) Developing an agricultural technology park pursuant to
- 12 part _____."

13 SECTION 12. There is appropriated out of the general
 14 revenues of the State of Hawaii the sum of \$ _____ or so
 15 much thereof as may be necessary for fiscal year 2014-2015 to
 16 establish an agricultural technology park pursuant to this part.

17 The sum appropriated shall be expended by the high
 18 technology development corporation for the purposes of this
 19 part.

20 **PART IV**

21 SECTION 13. Statutory material to be repealed is bracketed
 22 and stricken. New statutory material is underscored.



1 SECTION 14. This Act shall take effect on July 1, 2050.



Report Title:

Agricultural Quarantine Facility; Studies; Agricultural Foreign-trade Zone; HTDC; Agricultural Technology Park; Agritourism; Appropriation

Description:

Authorizes DBEDT, in collaboration with DOA, to perform studies and analysis relating to: (1) Establishing facilities on the island of Hawaii for quarantine inspection and treatment and handling imported and exported commodities; and (2) Implementation of designated foreign-trade zone sites. Creates an agricultural technology park under the HTDC. Makes appropriations. Effective 7/1/2050. (SD2)

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