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# A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

1           SECTION 1. The legislature finds that the State must meet  
2 its constitutional mandate of conserving agricultural lands.  
3 Article XI, section 3, of the Constitution of the State of  
4 Hawaii outlines the State's responsibilities to conserve and  
5 protect agricultural lands. It also charges the State with the  
6 responsibility of promoting diversified agriculture, increasing  
7 agricultural self-sufficiency, and assuring the availability of  
8 agriculturally suitable lands. The downsizing of Hawaii's  
9 agricultural industry over the decades and the closures of large  
10 operations, including those of the Waialua Sugar Mill, the  
11 Hawaiian Commercial & Sugar Company, and, most notably Del Monte  
12 and the Dole Food Company, have resulted in the availability of  
13 large tracts of former agricultural land for sale.

14           The legislature further finds that article XI, section 4,  
15 of the Constitution of the State of Hawaii grants the State the  
16 power to acquire interests in real property to control future  
17 growth, development, and land use within the State. Hawaii's  
18 environmental response, energy, and food security tax provides a



1 funding source for energy and food security initiatives. Of the  
2 \$1.05 per barrel tax on petroleum products other than aviation  
3 fuel, only 45 cents are allocated to supporting environmental  
4 response, energy, and food security. The remaining 60 cents are  
5 deposited in the general fund.

6 The purpose of this Act is to align the environmental  
7 response, energy, and food security tax with its original intent  
8 by reallocating a portion of the tax from the general fund to  
9 the department of agriculture to fund the acquisition of  
10 agricultural land.

11 SECTION 2. Chapter 141, Hawaii Revised Statutes, is  
12 amended by adding a new section to be appropriately designated  
13 and to read as follows:

14 "§141- Agricultural land acquisition fund; established.  
15 There is established the agricultural land acquisition fund, to  
16 which shall be credited any state appropriations to the fund,  
17 the portion of the environmental response, energy, and food  
18 security tax specified under section 243-3.5, and other moneys  
19 made available to the fund, to be expended at the sole  
20 discretion of the chairperson of the board of agriculture for



1 the acquisition, administration, maintenance, and management of  
2 agricultural lands."

3 SECTION 3. Section 243-3.5, Hawaii Revised Statutes, is  
4 amended by amending subsection (a) to read as follows:

5 "(a) In addition to any other taxes provided by law,  
6 subject to the exemptions set forth in section 243-7, there is  
7 hereby imposed a state environmental response, energy, and food  
8 security tax on each barrel or fractional part of a barrel of  
9 petroleum product sold by a distributor to any retail dealer or  
10 end user of petroleum product, other than a refiner. The tax  
11 shall be \$1.05 on each barrel or fractional part of a barrel of  
12 petroleum product that is not aviation fuel; provided that of  
13 the tax collected pursuant to this subsection:

14 (1) 5 cents of the tax on each barrel shall be deposited  
15 into the environmental response revolving fund  
16 established under section 128D-2;

17 (2) 15 cents of the tax on each barrel shall be deposited  
18 into the energy security special fund established  
19 under section 201-12.8;



- 1           (3) 10 cents of the tax on each barrel shall be deposited
- 2                   into the energy systems development special fund
- 3                   established under section 304A-2169.1; [and]
- 4           (4) 15 cents of the tax on each barrel shall be deposited
- 5                   into the agricultural development and food security
- 6                   special fund established under section 141-10[-]; and
- 7           (5) 10 cents of the tax on each barrel shall be deposited
- 8                   into the agricultural land acquisition fund
- 9                   established under section 141- .

10           The tax imposed by this subsection shall be paid by the

11 distributor of the petroleum product."

12           SECTION 4. Statutory material to be repealed is bracketed

13 and stricken. New statutory material is underscored.

14           SECTION 5. This Act shall take effect on July 1, 2016.

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**Report Title:**

Agricultural Land Acquisition, Maintenance, and Management;  
Barrel Tax; Department of Agriculture

**Description:**

Establishes the agricultural land acquisition fund. Amends the environmental response, energy, and food security tax to allocate a portion of the proceeds to the agricultural land acquisition fund. Directs funds deposited into the agricultural land acquisition fund to be expended for the acquisition, administration, maintenance, and management of agricultural lands. (SD1)

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