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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 there is a great  
2 need to promote and assist with food sustainability in the  
3 State. Over the past several decades, the amount of locally-  
4 grown foods has diminished significantly, and currently, only  
5 about ten per cent of the food that residents and visitors  
6 consume is grown in the State. In response to the state of food  
7 production in Hawaii, the governor has stated a goal of doubling  
8 local food production by 2020.

9           The legislature also finds that the State has a  
10 constitutional mandate to conserve agricultural lands. Article  
11 XI, section 3, of the Constitution of the State of Hawaii  
12 outlines the State's responsibilities to conserve and protect  
13 agricultural lands. It also charges the State with the  
14 responsibility of promoting diversified agriculture, increasing  
15 agricultural self-sufficiency, and assuring the availability of  
16 agriculturally suitable lands. The downsizing of Hawaii's sugar  
17 and pineapple plantation agricultural industry over the decades  
18 and the closures of large operations, including those of the



1 Waialua Sugar Mill, the Hawaiian Commercial & Sugar Company,  
2 and, most notably Del Monte and the Dole Food Company, have  
3 resulted in the availability of large tracts of former  
4 agricultural land for sale.

5 The legislature further finds that article XI, section 4,  
6 of the Constitution of the State of Hawaii grants the State the  
7 power to acquire interests in real property to control future  
8 growth, development, and land use within the State. The State  
9 established the agribusiness development corporation in 1994,  
10 and tasked it with a top priority of transitioning Hawaii's  
11 agriculture industry from an industry dominated by sugar and  
12 pineapple to one based on a greater diversity of crops.  
13 Hawaii's environmental response, energy, and food security tax,  
14 also known as the barrel tax, provides a funding source for  
15 energy and food security initiatives. Of the \$1.05 per barrel  
16 tax on petroleum products other than aviation fuel, only 45  
17 cents are allocated to supporting environmental response,  
18 energy, and food security. The remaining 60 cents are deposited  
19 in the general fund.

20 Accordingly, the purpose of this Act is to align the  
21 environmental response, energy, and food security tax with its



1 original intent by reallocating a portion of the tax on non-  
2 aviation fuel petroleum products from the general fund to the  
3 agribusiness development corporation to fund the acquisition of  
4 agricultural land and to assist with food sustainability in the  
5 State.

6 SECTION 2. Section 163D-17, Hawaii Revised Statutes, is  
7 amended by amending subsection (a) to read as follows:

8 "(a) There is established the Hawaii agricultural  
9 development revolving fund, to which shall be credited any state  
10 appropriations to the fund [~~of~~], the portion of the  
11 environmental response, energy, and food security tax specified  
12 under section 243-3.5, and other moneys made available to the  
13 fund, to be expended as directed by the corporation[-]; provided  
14 that any moneys deposited into the fund pursuant to section  
15 243-3.5 shall be expended at the sole discretion of the board to  
16 acquire agricultural lands and to assist with food  
17 sustainability."

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

20 "(a) In addition to any other taxes provided by law,  
21 subject to the exemptions set forth in section 243-7, there is



1 hereby imposed a state environmental response, energy, and food  
2 security tax on each barrel or fractional part of a barrel of  
3 petroleum product sold by a distributor to any retail dealer or  
4 end user of petroleum product, other than a refiner. The tax  
5 shall be \$1.05 on each barrel or fractional part of a barrel of  
6 petroleum product that is not aviation fuel; provided that of  
7 the tax collected pursuant to this subsection:

- 8 (1) 5 cents of the tax on each barrel shall be deposited  
9 into the environmental response revolving fund  
10 established under section 128D-2;
- 11 (2) 15 cents of the tax on each barrel shall be deposited  
12 into the energy security special fund established  
13 under section 201-12.8;
- 14 (3) 10 cents of the tax on each barrel shall be deposited  
15 into the energy systems development special fund  
16 established under section 304A-2169.1; [~~and~~]
- 17 (4) 15 cents of the tax on each barrel shall be deposited  
18 into the agricultural development and food security  
19 special fund established under section 141-10[-]; and



1        (5)        cents of the tax on each barrel shall be  
2                    deposited into the Hawaii agricultural development  
3                    revolving fund established under section 163D-17.

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

6            SECTION 4. Statutory material to be repealed is bracketed  
7 and stricken. New statutory material is underscored.

8            SECTION 5. This Act shall take effect on July 1, 2050.

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**Report Title:**

Agricultural Lands; Barrel Tax; Agribusiness Development Corporation; Food Sustainability

**Description:**

Amends the environmental response, energy, and food security tax to allocate a portion of the proceeds to the Hawaii agricultural development revolving fund. Directs funds deposited into the Hawaii agricultural development revolving fund through the environmental response, energy, and food security tax to be expended to acquire agricultural land and to assist with food sustainability. Takes effect 7/1/2050. (SD1)

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

