
A BILL FOR AN ACT

RELATING TO THE COMMUNITY-BASED ECONOMIC DEVELOPMENT ADVISORY
COUNCIL.

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

1 SECTION 1. The legislature finds that private for-profit
2 start-up agricultural businesses encounter many impediments in
3 acquiring financial assistance for infrastructure including
4 fences, water delivery systems, access roads, equipment, and
5 agriculture buildings.

6 The legislature further finds that the community-based
7 economic development advisory council, within the department of
8 business, economic development, and tourism, is best suited to
9 evaluate the available means and barriers to obtain loans and
10 grants to fund infrastructure projects for private for-profit
11 start-up agricultural businesses. The department of business,
12 economic development, and tourism works with federal agencies,
13 counties, and other state agencies to assist in the development
14 of agriculture in Hawaii.

15 According to the 2018 Community-Based Economic Development
16 Program Annual Report, the community business economic



1 development revolving fund program continued its partnership
2 with the department of agriculture's micro-loan fund program. In
3 addition, in fiscal year 2018, the community-based economic
4 development technical and financial assistance program provided
5 business training and informational workshops that assisted many
6 community-based organizations, cooperatives, and small
7 businesses, including the co-sponsorship of the annual Hawaii
8 small business fair, sponsorship of the native Hawaiian small
9 business resources fair held in conjunction with the council for
10 native Hawaiian advancement's annual convention, and other
11 outreach initiatives on all the major islands.

12 The legislature further finds that because start-ups are
13 not established businesses with a financial track record, access
14 to funds for infrastructure projects poses a major impediment to
15 their development and economic growth.

16 The legislature further finds that it is time to evaluate
17 how the State can assist private for-profit start-up
18 agricultural businesses in funding their infrastructure
19 projects.

20 The purpose of this Act is to direct the community-based
21 economic development advisory council to evaluate the available



1 means and barriers to accessing funding sources by private for-
2 profit start-up agricultural businesses to finance their
3 infrastructure projects.

4 SECTION 2. (a) The community-based economic development
5 advisory council shall retain professional research and analysis
6 services to evaluate the means and barriers to accessing funding
7 sources by private for-profit start-up agricultural businesses
8 to finance their infrastructure projects. The council shall
9 have oversight over the evaluation process.

10 (b) The evaluation shall include:

11 (1) An analysis by the community-based economic
12 development advisory council of the definitions of
13 "small business" in Hawaii according to the federal
14 Small Business Administration, Hawaii Revised
15 Statutes, and county ordinances, and the impact of
16 these definitions, if any, on the acquisition of funds
17 for infrastructure projects;

18 (2) An analysis of the current requirements and
19 qualifications, and their impact, for loans and grants
20 to private for-profit start-up agricultural businesses
21 for the purpose of financing infrastructure projects;



- 1 (3) An analysis of current incentives for lenders, such as
2 tax credits, and of potential economically feasible
3 incentives including a tax credit that:
- 4 (A) May be transferred or sold;
- 5 (B) May be awarded to a private, for-profit, startup
6 agricultural business organized as any form of
7 business entity;
- 8 (C) Shall be available only to a taxpayer practicing
9 farming and not to a taxpayer that is an owner of
10 real property that does not itself practice
11 farming;
- 12 (D) Considers the size of the farming operation based
13 on annual revenues, property size, intensity of
14 farming activity, and other relevant
15 characteristics; and
- 16 (E) Includes a certification process and technical
17 requirements to determine whether a taxpayer
18 practices farming;
- 19 (4) Research on the inequalities in the allocation of
20 available funds, such as urban farming versus rural
21 farming. The research shall also include an



1 assessment of the effectiveness and relevancy of
2 specifying agricultural competence as a condition to
3 qualify for infrastructure financing;

4 (5) Critical policy language that recognizes and
5 acknowledges the situation encountered by private for-
6 profit start-up agricultural businesses in financing
7 infrastructure projects; and

8 (6) Any other matters relevant to the purposes of this
9 Act.

10 (c) For purposes of this Act, "infrastructure" means
11 agriculturally related fences, water delivery systems, access
12 roads, equipment, and buildings. "Infrastructure" shall not
13 include housing or the purchasing or leasing of land.

14 SECTION 3. The community-based economic development
15 advisory council shall report its findings and recommendations,
16 including any proposed legislation, based on the evaluation
17 conducted by the professional research and analysis services
18 retained by the council, to the legislature. A preliminary
19 report on the progress of the evaluation shall be submitted to
20 the legislature no later than thirty days prior to the convening



1 of the regular session of 2020 and a final report shall be
2 submitted by June 30, 2020.

3 SECTION 4. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$60,000 or so much
5 thereof as may be necessary for fiscal year 2019-2020 for
6 professional research and analysis services to perform the
7 evaluation pursuant to section 2 of this Act.

8 The sum appropriated shall be expended by the department of
9 business, economic development, and tourism for the purposes of
10 this Act.

11 SECTION 5. This Act shall take effect on July 1, 2112.



Report Title:

Agricultural Businesses; Infrastructure; Study; Appropriation

Description:

Requires the Community-Based Economic Development Advisory Council to retain and oversee professional research and analysis services for the evaluation of the means for or barriers to private for-profit start-up agricultural businesses to acquire funds for agriculture infrastructure projects. (HB1511 HD1)

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