JAN 2 7 2021

A BILL FOR AN ACT

RELATING TO AGRICULTURAL ENTERPRISES.

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

1	SECTION 1. The Hawaii Revised Statutes is amended by
2	adding a new chapter to be appropriately designated and to read
3	as follows:
4	"CHAPTER
5	AGRICULTURAL ENTERPRISES
6	§ -1 Purpose. Article XI, section 3, of the Hawaii
7	State Constitution establishes in part that the "State shall
8	conserve and protect agricultural lands, promote diversified
9	agriculture, increase agricultural self-sufficiency and assure
10	the availability of agriculturally suitable lands."
11	Smaller scale farming operations, particularly those
12	associated with diversified agriculture, often do not have ready
13	access to, or the resources to pay for, their own modern
14	processing, packing, storage, and distribution enterprises to
15	allow them to expand or maximize the productivity of their
16	agricultural operations. Due to global competition and the
17	recent implementation of national food safety standards, the
18	department of agriculture has found it necessary to support the

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growth of diversified agriculture by encouraging agricultural 1 2 enterprises on the department of agriculture's lands. The 3 department of agriculture encourages activities including the 4 planning, design, construction, operation, and management of 5 agricultural enterprises to ensure the economic viability of 6 agricultural operations, and allows lessees to do the 7 same. Therefore, it is in the State's best interests and helps 8 meet state constitutional requirements to promote and support 9 diversified agriculture and increase agricultural self-10 sufficiency by establishing an agricultural enterprise program 11 within the department of agriculture.

12 Accordingly, the purpose of this chapter is to authorize 13 the department of agriculture or its lessees to plan, design, 14 construct, operate, manage, maintain, repair, demolish, and 15 remove infrastructure or improvements on any lands over which the department has jurisdiction where the activity is necessary 16 17 to support and promote agriculture; to accept from the 18 department of land and natural resources the transfer of any 19 lands that will serve an agricultural purpose; and to 20 efficiently operate or manage those resources.

21 § -2 Definitions. As used in this chapter, unless the
22 context otherwise requires:

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"Agricultural activities" include: 1 2 The care and production of livestock, livestock (1) 3 products, poultry, poultry products; and apiary, 4 horticultural, and floricultural products; 5 The planting, cultivating, and harvesting of crops or (2)6 trees; and 7 (3) Any other activity that is directly associated with 8 agriculture. 9 "Agricultural enterprise" means an activity directly and 10 primarily supporting the production and sale of agricultural 11 products in the State. 12 "Agricultural enterprise lands" means agricultural lands 13 that are not designated as agricultural parks or non-14 agricultural park lands pursuant to chapters 166 or 166E, 15 respectively. 16 "Aquacultural activities" means the farming or ranching of 17 any plant or animal species in a controlled salt, brackish, or freshwater environment; provided that the farm or ranch is on or 18 19 directly adjacent to land.

20 "Board" means the board of agriculture.

21 "Department" means the department of agriculture.

1	"Lessee" means a lessee under a lease issued by or
2	transferred to the department or any tenant, licensee, grantee,
3	permittee, assignee, or other person authorized to conduct an
4	agricultural enterprise by the board or department.
5	§ -3 Department's powers in general; agricultural
6	enterprises. In addition to any other powers authorized in this
7	chapter, to support and promote agriculture, the department may:
8	(1) Plan, design, construct, operate, manage, maintain,
9	repair, demolish, and remove infrastructure or
10	improvements on any lands under the jurisdiction of
11	the department; and
12	(2) Permit a lessee to plan, design, construct, operate,
13	manage, maintain, repair, demolish, and remove
14	infrastructure or improvements on any lands under the
15	jurisdiction of the department.
16	\$ -4 Transfer and management of agricultural enterprise
17	lands and agricultural enterprises; agricultural enterprise
18	program. (a) Upon mutual agreement and approval by the board
19	and the board of land and natural resources:
20	(1) The department may accept from the department of land
21	and natural resources the transfer and management of

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1 certain qualifying agricultural enterprise lands and 2 agricultural enterprises; and 3 (2) Certain assets, including position counts, related to 4 the management of existing encumbered and unencumbered 5 agricultural enterprise lands and agricultural 6 enterprises, and related facilities, shall be 7 transferred to the department. 8 The department shall administer an agricultural (b) 9 enterprise program to manage the transferred agricultural 10 enterprise lands and agricultural enterprises under rules 11 adopted by the board pursuant to chapter 91. The program and 12 its rules shall be separate and distinct from the respective 13 programs and rules for agricultural parks and non-agricultural 14 parks. Agricultural enterprise lands and agricultural 15 enterprises shall not be the same as, and shall not be selected 16 or managed as, lands under agricultural park or non-agricultural 17 park leases. Notwithstanding any other law to the contrary, the 18 agricultural enterprise program shall include the following 19 conditions pertaining to the transfer of encumbered or 20 unencumbered agricultural enterprise lands and agricultural 21 enterprises:

22 (1) At the time of transfer:

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1		(A)	The lessee or permittee shall be in full
2			compliance with the existing lease or permit;
3		(B)	The lessee or permittee shall not be in arrears
4			in the payment of taxes, rents, or other
5			obligations owed to the State or any county; and
6		(C)	The lessee or permittee shall have an
7			economically viable agricultural operation as
8			determined by the board;
9	(2)	No e	ncumbered or unencumbered agricultural enterprise
10		land	s and agricultural enterprises with soils
11		clas	sified by the land study bureau's detailed land
12		clas	sification as overall (master) productivity rating
13		clas	s A or B shall be transferred for the use or
14		deve	lopment of golf courses, golf driving ranges, or
15		coun	try clubs; and
16	(3)	The	board shall determine the manner of transfer of
17		agri	cultural enterprise lands and agricultural
18		ente	rprises.
19	(c)	For	any encumbered or unencumbered agricultural
20	enterpris	e lan	ds and agricultural enterprises transferred to the
21	departmen	t tha	t are not being utilized or required for the
22	public pu	rpose	stated in an executive order issued by the

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governor to the department pursuant to section 171-11, the order
 setting aside the lands shall be withdrawn and the lands shall
 be returned to the department of land and natural resources.

4 § -5 Conversion of qualified and encumbered other
5 agricultural lands. The department shall establish criteria by
6 rules adopted pursuant to chapter 91 and, subject to approval by
7 the board, may convert qualified and encumbered agricultural
8 enterprise lands and agricultural enterprises to department
9 leases or other forms of encumbrance.

10 § -6 Extension of qualified and encumbered agricultural 11 enterprise lands and agricultural enterprises. Notwithstanding 12 chapter 171, the board shall establish criteria and rules to 13 allow the cancellation, renegotiation, and extension of 14 transferred encumbrances by the department. Notwithstanding any law to the contrary, qualified and encumbered agricultural 15 16 enterprise lands and agricultural enterprises transferred to the department shall not have the respective length of term of the 17 18 lease or rents reduced over the remaining fixed term of the 19 applicable encumbrances.

20 § -7 Board rules. The board shall adopt rules pursuant
21 to chapter 91, including eligibility requirements for each

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1 disposition and applicant qualification, to effectuate the 2 purposes of this chapter. 3 S -8 Agricultural enterprise special fund; There is established in the state treasury 4 established. (a) 5 the agricultural enterprise special fund to be administered by 6 the department, into which shall be deposited: 7 Legislative appropriations to the special fund; and (1)8 All lease rent, fees, penalties, and any other revenue (2) 9 or funds collected from agricultural enterprise lands 10 and agricultural enterprises, together with the revenue or funds collected from agricultural 11 , 12 enterprise lands and agricultural enterprises that are transferred, or in the process of being transferred, 13 14 to the department under this chapter. 15 Moneys in the special fund shall be used for planning, (b) designing, constructing, operating, maintaining, managing, 16 17 repairing, demolishing, and removing infrastructure or 18 improvements on agricultural enterprise lands and for agricultural enterprises under this chapter. 19 20 S -9 Disposition. (a) Notwithstanding any provision of

this chapter and chapter 171 to the contrary, the department may

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1 dispose of the following by negotiation, drawing of lots, conversion, or public auction: 2 3 (1) Public lands and related enterprises set aside and 4 designated for use pursuant to this chapter; and 5 (2) Other lands and enterprises under the jurisdiction of 6 the department pursuant to section -10. 7 Except as provided by subsection (d), the department shall 8 dispose of public lands by lease. 9 (b) In all dispositions, the department shall be subject 10 to the requirements set forth in rules adopted by the board 11 consistent with section -7 and subject to the following: 12 (1) All land and enterprises shall be disposed of in a 13 manner that supports or promotes agricultural or 14 aquacultural activities; 15 Each lessee shall derive a major portion of the (2) 16 lessee's total annual income earned from the lessee's 17 activities on the premises; provided that this 18 restriction shall not apply if: 19 (A) Failure to meet the restriction results from 20 mental or physical disability of the lessee or 21 the loss of the lessee's spouse; or

1		(B)	The premises are fully used to support or promote
2			the agricultural or aquacultural activities for
3			which the disposition was granted;
4	(3)	The	lessee shall comply with all federal and state
5		laws	regarding environmental quality control;
6	(4)	The	board shall:
7		(A)	Determine the specific uses for which the
8			disposition is intended;
9		(B)	Parcel the land into minimum size economic units
10			sufficient for the intended uses;
11		(C)	Make, or require the lessee to make, improvements
12			that are necessary to achieve the intended uses;
13		(D)	Set the upset price or lease rent based upon an
14			appraised evaluation of the property value,
15			adjustable to the specified use of the lot;
16		(E)	Set the term of the lease, which shall not be
17			less than fifteen years or more than sixty-five
18			years, including any extension granted for
19			mortgage lending or guarantee purposes; and
20		(F)	Establish other terms and conditions that it
21			deems necessary, including restrictions against

1 alienation and provisions for withdrawal by the 2 board; and Any transferee, assignee, or sublessee of an 3 (4) 4 agricultural enterprise lease shall first qualify as an applicant under this chapter. For the purpose of 5 6 this paragraph, any transfer, assignment, sale, or other disposition of any interest, excluding a 7 8 security interest, by any legal entity that holds an 9 agricultural enterprise lease shall be treated as a 10 transfer of the agricultural enterprise lease and shall be subject to the approval of the board, 11 reasonable terms and conditions consistent with this 12 13 chapter, and rules adopted pursuant to this chapter. No transfer shall be approved by the board 14 if the disposition of the stock or assets or other 15 interest of the applicant would result in the failure 16 17 of the person to qualify for an agricultural 18 enterprise lease. 19 A violation of any provision in this section shall be (C)

(c) A violation of any provision in this section shall be
cause for the board to cancel the lease and take possession of
the land, or take other action as the board, in its sole
discretion, deems appropriate; provided that the board shall

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1 provide notice to the lessee of the violation in accordance with 2 rules adopted pursuant to section -7. 3 The board may issue easements, licenses, permits, and (d) 4 rights-of-entry for uses that are consistent with the purposes 5 for which the lands were set aside or are otherwise subject to 6 the authority of the department pursuant to section -10. 7 -10 Authority to plan, design, develop, and manage S 8 agricultural enterprise lands and agricultural enterprises. The department, or its lessees subject to the department's approval, 9 10 may plan, design, develop, and manage agricultural enterprise lands and agricultural enterprises on: 11 (1) Public lands set aside by executive order pursuant to 12 13 section 171-11 for use as agricultural enterprise 14 lands and agricultural enterprises; Other lands with the approval of the board that may be 15 (2) subject to a joint venture partnership agreement 16 17 pursuant to section -11; and 18 Lands acquired by the department by way of (3) 19 foreclosure, voluntary surrender, or otherwise 20 pursuant to section 155-4(11). -11 Agricultural enterprise lands and agricultural 21 S 22 enterprise development. On behalf of the State or in

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partnership with a federal agency, county, or private party, the
 department may develop agricultural enterprise lands and
 agricultural enterprises.

4 § -12 Lease negotiation. (a) The department may
5 negotiate and enter into leases with any person who:

6 (1) Holds a revocable permit for agricultural purposes;
7 (2) Has formerly held an agricultural lease or a holdover
8 lease of public land that expired within the last ten
9 years and has continued to occupy the land; or
10 (3) Is determined by the department to have a beneficial

11 impact on agriculture;

12 provided that the department shall notify in writing those 13 eligible for lease negotiations under this section and shall 14 inform the applicants of the terms, conditions, and restrictions 15 provided by this section.

Any eligible person may apply for a lease by submitting a written application to the department within thirty days from the date of receipt of notification; provided that the department may require documentary proof from any applicant to determine that the applicant meets eligibility and qualification requirements for a lease. Page 14

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1	(b)	Lands eligible for lease negotiations under this
2	section a	re limited to lands that are:
3	(1)	Determined to be sufficiently capable of serving
4		agricultural purposes;
5	(2)	Set aside for agricultural or agricultural-related
6		uses, by the governor through an executive order, to
7		the department; and
8	(3)	Not needed by any state or county agency for any other
9		public purpose.
10	(C)	In negotiating and executing a lease pursuant to this
11	section,	the board shall:
12	(1)	Require the appraisal of the parcel using the Uniform
13		Standards of Professional Appraisal Practice to
14		determine the rental amount, including percentage of
15		rent;
16	(2)	Require the payment of a premium, computed as twenty-
17		five per cent of the annual lease rent; provided that
18		the premium to be added to the annual lease rent for
19		each year of the lease shall be equal to the number of
20		years the lessee has occupied the land; provided
21		further that the premium period shall not exceed seven
22		years; and

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1 (3) Recover from the lessee the costs of expenditures 2 required by the department to convert the parcel into 3 a leasehold. 4 S -13 Public lands exemption. Notwithstanding chapter 171, disposition of lands set aside for use pursuant to this 5 6 chapter shall not be subject to the prior approval of the board 7 of land and natural resources. 8 S -14 Rights of holders of security interests. (a) Prior board action shall be required when an institutional 9 10 lender acquires the lessee's interest through a foreclosure sale, judicial or nonjudicial, or by way of assignment in lieu 11 12 of foreclosure, or when the institutional lender sells or causes the sale of the lessee's interest in a lease by way of a 13 14 foreclosure sale, judicial or nonjudicial. The institutional 15 lender shall convey to the board a copy of the sale or 16 assignment as recorded in the bureau of conveyances.

17 (b) Notwithstanding any other provision of this chapter, 18 for any lease that is subject to a security interest held by an 19 institutional lender who has given to the board a copy of the 20 encumbrance as recorded in the bureau of conveyances:

21 (1) If the lease is canceled for violation of any non22 monetary lease term or condition, or if the lease is

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1 deemed terminated or rejected under bankruptcy laws, 2 the institutional lender shall be entitled to issuance 3 of a new lease in its name for a term equal to the 4 term of the lease remaining immediately prior to the cancellation, termination, or rejection, with all 5 6 terms and conditions being the same as in the canceled, terminated, or rejected lease, except only 7 8 for the liens, claims, and encumbrances, if any, that 9 were superior to the institutional lender before the 10 cancellation, termination, or rejection; provided that a lease that is rejected or deemed rejected under 11 12 bankruptcy law shall be deemed canceled and terminated 13 for all purposes under state law; 14 If the lessee's interest under a lease is transferred (2) 15 to an institutional lender, including by reason of 16 paragraph (1), acquisition of the lessee's interest 17 pursuant to a judicial or nonjudicial foreclosure 18 sale, or an assignment in lieu of foreclosure: 19 The institutional lender shall be liable for the (A) 20 obligations of the lessee under the lease for the 21 period of time during which the institutional 22 lender is the holder of the lessee's interest;

1			prov	ided that the institutional lender shall not
2			be l	iable for any obligations of the lessee
3			aris	ing after the institutional lender has
4			assi	gned the lease; and
5		(B)	Sect	ion $-9(b)(1)$ and (2) shall not apply to
6			the	lease or the demised land during the time the
7			inst	itutional lender holds the lease; provided
8			that	:
9			(i)	For non-monetary lease violations, the
10				institutional lender shall first remedy the
11				lease terms that caused the cancellation,
12				termination, or rejection to the
13				satisfaction of the board; and
14			(i i)	The new lease issued to the institutional
15				lender shall terminate one hundred twenty
16				days from the effective date of issuance, at
17				which time the institutional lender shall
18				either sell or assign the lease and
19				section $-9(b)(1)$ and (2) shall apply to
20				the new lease;
21	(3)	If t	here	is a delinquent loan balance secured by a
22		secu	rity	interest:

1		(A)	The lease shall not be canceled or terminated,
2			except for cancellation by reason of default of
3			the lessee;
4		(B)	No increase over and above the fair market rent,
5			based upon the actual use of the land demised and
6			subject to the use restrictions imposed by the
7			lease and applicable laws, shall be imposed or
8			become payable; and
9		(C)	No lands shall be withdrawn from the lease,
10			except either by eminent domain proceedings
11			beyond the control of the board or with prior
12			written consent of the institutional lender which
13			shall not be unreasonably withheld; and
14	(4)	If t	he lease contains any provision requiring the
15		paym	ent of a premium to the lessor on assignment of
16		the	lease, any premium shall be assessed only after
17		all	amounts owing by any debt secured by a security
18		inte	rest held by an institutional lender have been
19		paid	in full.

20 (c) Ownership of both the lease and the security interest
21 by an institutional lender shall not effect or cause a merger
22 thereof, and both interests shall remain distinct and in full

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force and effect unless the institutional lender elects in
 writing to merge the lease and security interest with the
 consent of the board.

4 (d) The board may include in any consent form or document
5 provisions consistent with the intent of this section as may be
6 required to make a lease mortgageable or more acceptable for
7 mortgageability by an institutional lender.

8 (e) The rights of a purchaser, assignee, or transferee of 9 an institutional lender's security interest, including a junior 10 lien holder, shall be exercisable by the purchaser, assignee, or 11 transferee as successor in interest to the institutional lender; 12 provided that:

13 (1) The purchase, assignment, or transfer shall conform
14 with subsection (b)(4); and

15 (2) The purchase, assignment, or transfer of the rights
16 shall be reserved for and exercisable only by an
17 institutional lender.

18 Other purchasers shall not be precluded from acquiring the 19 institutional lender's security interest but shall not have 20 exercisable rights as successor in interest to the original 21 institutional lender.

22 (f) For the purposes of this section:

1	"Institutional lender" means a federal, state, or private						
2	lending institution, licensed to do business in the State, that						
3	makes loans to qualified applicants on the basis of a lease						
4	awarded for security, in whole or in part, together with any						
5	other entity that acquires all or substantially all of an						
6	institutional lender's loan portfolio.						
7	"Security interest" means any interest created or perfected						
8	by a mortgage, assignment by way of mortgage, or by a financing						
9	statement and encumbering a lease, land demised by the lease, or						
10	personal property located at, affixed or to be affixed to, or						
11	growing or to be grown upon the demised land."						
12	SECTION 2. Section 141-1, Hawaii Revised Statutes, is						
13	amended to read as follows:						
14	"\$141-1 Duties in general. The department of agriculture						
15	shall:						
16	(1) Gather, compile, and tabulate, from time to time,						
17	information and statistics concerning:						
18	(A) Entomology and plant pathology: Insects, scales,						
19	blights, and diseases injurious or liable to						
20	become injurious to trees, plants, or other						
21	vegetation, and the ways and means of						
22	exterminating pests and diseases already in the						

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1		State and preventing the introduction of pests
2		and diseases not yet [here;] <u>in the State;</u> 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] <u>any</u> terms
21		as the department may deem appropriate; provided that
22		the department shall not obligate any funds of the

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1 State, except the funds that have been appropriated to 2 the department. Pursuant to cooperative agreement 3 with 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 141, 142, and 150A, and rules adopted pursuant to 7 8 those 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 Secure copies of the laws of other states, (4) 13 territories, and countries, and other publications germane to the subject matters of chapters 141, 142, 14 and 144 to 150A, and make laws and publications 15 16 available for public information and consultation; 17 (5) Provide buildings, grounds, apparatus, and 18 appurtenances necessary for the examination, quarantine, inspection, and fumigation provided for by 19 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

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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 purposes of chapters 141, 142, and 144 to 150A; 4 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 Publish at the end of each year a report of the (7) 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 Administer a program of agricultural planning and (8) development, including the formulation and 15 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; plan, design, construct, operate, 22 manage, maintain, repair, demolish, and remove

1 infrastructure or improvements on any lands of which the department has jurisdiction; review, interpret, 2 3 and make recommendations with respect to public 4 policies and actions relating to agricultural land and 5 water use; assist in research, evaluation, 6 development, enhancement, and expansion of local 7 agricultural industries; and serve as liaison with 8 other public agencies and private organizations for 9 the above purposes. In the foregoing, the department 10 shall act to conserve and protect agricultural lands 11 and irrigation water systems, promote diversified 12 agriculture, increase agricultural self-sufficiency, 13 and ensure the availability of agriculturally suitable lands; and 14 15 Manage, administer, and exercise control over any (9) 16 public lands, as defined under section 171-2, that are 17 designated important agricultural lands pursuant to 18 section 205-44.5, including but not limited to 19 establishing priorities for the leasing of these 20 public lands within the department's jurisdiction. 21 SECTION 3. Statutory material to be repealed is bracketed 22 and stricken. New statutory material is underscored.

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1	SECTION 4. This Act, upon its approval, shall take effect
2	on July 1, 2021.
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5	INTRODUCED BY: MUNRM
6	BY REQUEST

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1 Report Title: 2 Department of Agriculture; Agricultural Enterprises; 3 Agricultural Enterprise Special Fund 4 5 Description: 6 Authorizes the Department of Agriculture to plan, design, 7 construct, operate, manage, maintain, repair, demolish, and 8 remove infrastructure on any lands under the jurisdiction of the 9 department, to support and promote agriculture. Establishes the 10 agricultural enterprise program. Establishes the Agricultural 11 Enterprise Special Fund. Requires the Board of Agriculture to 12 annually report an accounting of non-agricultural park lessees 13 to the Legislature. Effective 7/1/2021. 14 15 16 17 The summary description of legislation appearing on this page is for informational purposes only and is 18 not legislation or evidence of legislative intent.

19

JUSTIFICATION SHEET

DEPARTMENT: Agriculture

- TITLE: A BILL FOR AN ACT RELATING TO AGRICULTURAL ENTERPRISES.
- PURPOSE: Establish an agricultural enterprise program on all lands managed by the Department ("HDOA lands") that allows ancillary and other activities related to and supportive of agriculture, without the restrictive conditions under the existing Agriculture Park (Ag Park) and Non-agricultural Park (Non-Ag Park) programs that only focus on growing organisms. The proposed program recognizes that the business of agriculture is equally as important as the production of crops and organisms.
- MEANS: Add a new chapter to the Hawaii Revised Statutes and amend section 141-1, Hawaii Revised Statutes.
- JUSTIFICATION: The Department's mission statement is to expand Hawaii's agricultural industry to (1) benefit the well-being of our island society through economic diversification; (2) protect its resources for agricultural production; and (3) gain greater selfsufficiency through food and renewable energy production. Under existing statutory authority, while the production of crops and organisms on HDOA lands are expressly promoted and allowed, it appears to be silent on the allowance of ancillary and other activities that are supportive of and important to the economic viability and success of agriculture. Establishing this program and expressly clarifying that ancillary and other related activities supporting agriculture are encouraged will ensure the Department can fulfill its statewide goals and objectives.

<u>Impact on the public:</u> Provides greater support for efficient and effective

processing, storage, transport, and marketing of agricultural products to support the business of agriculture and support for research, education, and promotion of agriculture.

Impact on the department and other agencies: Allows the Department greater flexibility in using HDOA lands for all purposes that promote agricultural diversification, production, and self-sufficiency by supporting all facets of the business of agriculture. Provides the Department with more tools and assets to assist DOE farm to table programs for schools and restaurants, contribute to the Department of Business, Economic Development and Tourism's sustainability goals for renewable energy, incorporate culturally sensitive agricultural programs and practices to support the Department of Hawaiian Home Lands, Office of Hawaiian Affairs and other native Hawaiian organizations, and adopt innovative technologies and processes to ensure the long-term success of agriculture.

- GENERAL FUND: None.
- OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: AGR141.

OTHER AFFECTED AGENCIES:

EFFECTIVE DATE: July 1, 2021.

None.