

STAND. COM. REP. NO. 654-22

Honolulu, Hawaii

FEB 18 , 2022

RE: H.B. No. 1993  
H.D. 2

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Water & Land, to which was referred H.B. No. 1993, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURAL LEASES,"

begs leave to report as follows:

The purpose of this measure is to update certain state non-agricultural park leasing laws to maximize the benefit to the State of these lands and to help the State achieve its economic and food production goals.

Your Committee received testimony in support of this measure from the Environmental Caucus of the Democratic Party of Hawai'i and Kihei Poultry LLC. Your Committee received testimony in opposition to this measure from the Department of Agriculture and Hawai'i Farm Bureau. Your Committee received comments on this measure from the University of Hawai'i System and Hawaii Cattlemen's Council, Inc.

Your Committee finds that state agricultural lands are a key resource that can be used to meet the State's goals for economic diversification and food self-sufficiency. In order to support farmers on these lands, the State subsidizes lessees by providing the leases below market rates and, in some cases, lower-cost agricultural water. This measure seeks to maximize the benefit to the State of agricultural lands through competition in lease

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dispositions by modifying requirements and restrictions related to the Department of Agriculture's dispositions of non-agricultural park lands.

Your Committee has amended this measure by:

- (1) Modifying the process for transferring and extending leases, including:
  - (A) Requiring the Department of Agriculture to first conduct a public notice to solicit interested applicants to a conditional sealed bid process open to all qualified applicants, subject to cancellation upon withdrawal of the request for transfer or extension; and
  - (B) Requiring the Department of Agriculture, in awarding a lease through the sealed bid process, to select the best-suited applicant in terms of meeting the Department's mission, whether the applicant is an existing or prospective lessee;
- (2) Setting the maximum term of leases at fifty years, rather than at thirty-five years, with a maximum extension of fifteen years;
- (3) Clarifying that the issuance of leases and the transfers and extensions of leases issued under this measure are prospective in nature;
- (4) Authorizing, rather than requiring, a lessee to submit certain documentation and an amended plan of development and utilization if seeking a modification of the lease or original plan of development and utilization due to a mental or physical disability or loss of a spouse;
- (5) Deleting the requirement that the Department of Agriculture may approve an amended plan described in paragraph (4) only if the plan meets standards with respect to productivity comparable to new leases being issued at that time;
- (6) Deleting the requirement that if the documentation or amended plan described in paragraph (4) is



unsatisfactory to the Department of Agriculture, the lease must be terminated at that time;

- (7) Deleting the requirement that twenty-four months after the occurrence of a mental or physical disability or the loss of a spouse, the Department of Agriculture must review the lessee's progress toward implementation of the original or amended plan, as applicable, and that if the lessee is not following the original or amended plan, as applicable, the lease must be terminated at that time;
- (8) Changing its effective date to July 1, 2050, to encourage further discussion; and
- (9) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Water & Land that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1993, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Consumer Protection & Commerce in the form attached hereto as H.B. No. 1993, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Water & Land,



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DAVID A. TARNAS, Chair



