

STAND. COM. REP. NO. 350

Honolulu, Hawaii

FEB 18 2021

RE: S.B. No. 335  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii

Sir:

Your Committees on Agriculture and Environment and Energy, Economic Development, and Tourism, to which was referred S.B. No. 335 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

beg leave to report as follows:

The purpose and intent of this measure is to require the Department of Agriculture and Agribusiness Development Corporation to annually lease at least fifty percent of land leased or up for lease renewal to operations whose primary business is local food production.

Your Committees received testimony in support of this measure from one councilmember of the Kaua'i County Council, one councilmember of the Hawai'i County Council, EcoTipping Points Project, The Friends of Makakilo and Save O'ahu Farmlands Alliance, Kauai Climate Action Coalition, Malama Kauai, Americans for Democratic Action, Hawai'i SEED, Pele Lani Farm LLC, Hawai'i Center for Food Safety, Pono Hawai'i Initiative, Food+ Policy Internship University of Hawai'i West O'ahu, Hawai'i Alliance for Progressive Action, OrganicHawaii.org, and ninety-eight individuals. Your Committees received testimony in opposition to this measure from the Department of Agriculture; Umi's Farm; Kaua'i Island Utility Cooperative; Green Point Nurseries, Inc.; Kaua'i Chamber of Commerce; and three individuals. Your Committees received



comments on this measure from the Agribusiness Development Corporation and two individuals.

Your Committees find that the Agribusiness Development Corporation was established in 1994, to transform large tracts of land becoming available due to the downsizing of the sugar and pineapple industries into economically viable farms. Hawaii now faces different issues in sustainable agriculture and local food production, especially considering the coronavirus disease 2019 (COVID-19) pandemic and the economic crisis that has followed. According to the Agribusiness Development Corporation's 2019 report to the Legislature, the Corporation manages over 22,000 acres of public agricultural lands with significant potential to shape the State's agricultural public policy toward the goal of food self-sufficiency. The lack of affordable agricultural land with long-term leases is cited as a key inhibitor of the growth and expansion of local agriculture.

Your Committees further find that in 2021, the State Auditor published an audit of the Agribusiness Development Corporation. The audit concluded that though the Corporation was established more than twenty-five years ago to develop an "aggressive and dynamic" agribusiness development program to fill the economic void created by the closure of the sugar and pineapple plantation, the agency has done little to fill the void. The audit also concluded that the land management struggles, including inconsistent, incomplete, and, in many cases, non-existent recordkeeping, prospective tenants occupying lands without signed written agreements, and persistent criminal activity on its properties, expose the State to unnecessary risk. Additionally, the audit noted that Agribusiness Development Corporation's Board of Directors provides minimal guidance and oversight to the Corporation. A great majority of Agribusiness Development Corporation's land and water holdings have been leased to agrochemical corporations for experimental research and developing herbicide-resistant seed corn for export.

The Agribusiness Development Corporation's management and alleged misuse of Hawaii's prime agricultural lands has been linked to contamination and pesticide drift concerns, as well as violations of the Clean Water Act, Best Management Practices, and other environmental laws. Overall, these findings suggest that their land management struggles may have hindered Hawaii's



potential for a diversified and sustainable food economy. Therefore, this measure seeks to ensure that the Agribusiness Development Corporation prioritizes food production for local consumption.

Your Committees have heard concerns from the Department of Agriculture that this measure would severely limit the income of some farms and harm diversified agricultural sectors, such as nurseries, crops for export, agroforestry, and energy crop production, not all department lands are suitable for food production due to soil quality and slope of land, local produce prices are influenced by imported crops, and the Department currently maintains the authority to establish other terms and conditions it deems necessary on leases. Your Committees have also heard testimony that this measure could result in cancellation of an important renewable energy project on Kauai's west side, which will bring Kauai to more than eighty percent of renewable generation.

Your Committees have amended this measure by:

- (1) Inserting language to include among the members of the Board of Directors of the Agribusiness Development Corporation two representatives of local farmers' or ranchers' associations, as nominated by the chairs of the House of Representatives and Senate Committees on agriculture;
- (2) Reducing the number of at-large members on the Board of Directors of the Agribusiness Development Corporation from four to two;
- (3) Requiring meetings of the Board of Directors of the Agribusiness Development Corporation to be subject to sunshine law requirements under part I of chapter 92, Hawaii Revised Statutes;
- (4) Inserting language to require the Department of Agriculture and Agribusiness Development Corporation to lease at least fifty percent of certain lands for purposes that support food or crop production for local consumption, in addition to agricultural operations



whose primary business is food or crop production for local consumption; and

- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Agriculture and Environment and Energy, Economic Development, and Tourism that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 335, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 335, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Agriculture and Environment and Energy, Economic Development, and Tourism,



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GLENN WAKAI, Chair



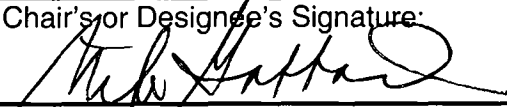
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MIKE GABBARD, Chair



The Senate  
Thirty-First Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Agriculture and Environment**  
**AEN**

Bill / Resolution No.:* <b>SB 335</b>	Committee Referral: <b>AEN/EET, WAM</b>	Date: <b>02/12/2021</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	✓			
NISHIHARA, Clarence K. (VC)	✓			
ACASIO, Laura	✓			
RHOADS, Karl	✓			
FEVELLA, Kurt	✓			
<b>TOTAL</b>	<b>5</b>			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original      Yellow      Pink      Goldenrod File with Committee Report      Clerk's Office      Drafting Agency      Committee File Copy				

\*Only one measure per Record of Votes

The Senate  
Thirty-First Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Energy, Economic Development, and Tourism**  
**EET**

Bill / Resolution No.:* <i>SB 335</i>	Committee Referral: <i>AEN/EET, WAM</i>	Date: <i>2/12/21</i>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	✓			
MISALUCHA, Bennette E. (VC)	✓			
LEE, Chris	✓			
RIVIERE, Gil	✓			
FEVELLA, Kurt	✓			
<b>TOTAL</b>	<b>5</b>			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Bennette E. Misalucha</i>				
<b>Distribution:</b>	Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy

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