

JAN 19 2024

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 state agricultural
2 lands are a key resource that can be used to meet the State's
3 goals for economic diversification and food self-sufficiency.
4 In order to support farmers on these lands, the State subsidizes
5 lessees by providing the leases below market rates and, in some
6 cases, providing lower-cost agricultural water. Despite these
7 state subsidies, some state agricultural leases are used
8 primarily as residences or non-agricultural businesses or are
9 unused.

10 The legislature further finds that lessees who obtain a
11 state agricultural lease in high-demand locations can transfer
12 the remainder of their lease to the highest bidder, thereby
13 converting their lease into a windfall profit above and beyond
14 their investment in the property. This windfall profit is an
15 unintended transfer of wealth from the State to individual
16 lessees. This situation also causes the transfers of leases to
17 the highest bidder, who may or may not be the farmers best able



1 to use the land for agricultural production. The legislature
2 believes that further data is needed to assess to what extent
3 the department of agriculture leases maximize the benefit to the
4 State of these lands to help the State achieve its economic and
5 food production goals. Further data is also needed to assess
6 whether the transfer of state lands from one lessee to another
7 results in the difference between the actual value of the lease
8 and the subsidized price of the lease being monetized for
9 private, rather than State, benefit.

10 Accordingly, the purpose of this Act is to require the
11 board of agriculture to submit a report on the percentages of
12 agricultural lands being leased by the State that are suitable
13 for farming and actively being used for farming purposes and
14 certain dollar amounts relating to lease transfers between
15 lessees.

16 SECTION 2. The board of agriculture shall submit to the
17 legislature no later than twenty days prior to the convening of
18 the regular session of 2025 a report of:

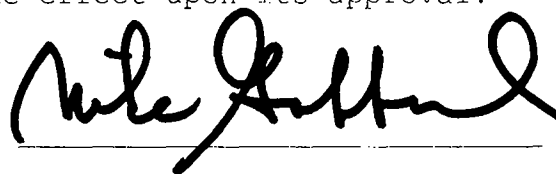
19 (1) The percentage of each tax map key of agricultural
20 lands that are leased by the State pursuant to section
21 166-11, Hawaii Revised Statutes, that are:



- 1 (A) Suitable for farming; and
- 2 (B) Actively being farmed; and
- 3 (2) For every lease entered into pursuant to section
- 4 166-11, Hawaii Revised Statutes, that was transferred
- 5 by a lessee to another lessee, the dollar amounts of
- 6 the following:
- 7 (A) Lease rent;
- 8 (B) Cost of infrastructure improvements made by the
- 9 original lessee;
- 10 (C) Sum paid by the purchaser of the remainder of the
- 11 lease; and
- 12 (D) Amount from the sum paid by the purchaser that
- 13 goes to the State.

14 SECTION 3. This Act shall take effect upon its approval.

15 INTRODUCED BY:



S.B. NO. 2430

Report Title:

BOA; Agricultural Lands; Leases; Report

Description:

Requires the Board of Agriculture to submit a report on the percentage of agricultural lands that are suitable for farming and actively farmed and certain dollar amounts relating to lease transfers between lessees.

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