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# A BILL FOR AN ACT

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RELATING TO OWNERSHIP OF AGRICULTURAL LAND.

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

1       SECTION 1. The legislature finds that the preservation of  
2 family farms, protection of agricultural resources, and  
3 promotion of locally rooted agricultural operations are  
4 essential to the economic vitality, food security, and cultural  
5 sustainability of Hawaii.

6       Accordingly, the purpose of this Act is to promote the  
7 conservation, protection, and sustainable development of the  
8 State's agricultural resources by prohibiting certain entities  
9 from:

10       (1) Acquiring or holding any interest in agricultural land  
11       within the State; and

12       (2) Engaging in farming operations in the State.

13       This Act is intended to ensure that agricultural land and  
14 farming operations remain accessible to Hawaii residents and are  
15 used in a manner that supports community well-being and  
16 sustainable agriculture. This Act does not seek to burden or  
17 discriminate against interstate commerce but is narrowly



1 tailored to address legitimate state interests, including  
2 mitigating land speculation, fostering sustainable land  
3 stewardship, and preserving Hawaii's unique cultural and  
4 environmental resources.

5 SECTION 2. The Hawaii Revised Statutes is amended by  
6 adding a new chapter to title 11 to be appropriately designated  
7 and to read as follows:

8 **"CHAPTER**  
9 **LIMITATIONS ON OWNERSHIP OF AND ACTIVITIES ON AGRICULTURAL LAND**

10 § -1 **Purpose.** The legislature declares that Hawaii has  
11 a compelling interest in ensuring the long-term sustainability  
12 and viability of its agricultural sector, which is vital to the  
13 State's economy, food security, and rural communities.

14 This chapter is narrowly tailored to address these  
15 interests without discriminating against interstate commerce or  
16 imposing undue burdens on entities engaged in lawful  
17 agricultural activities. The provisions of this chapter shall  
18 apply equally to all entities regardless of their state of  
19 origin, ensuring fairness and compliance with constitutional  
20 requirements.



1 This chapter shall not be construed to prohibit entities or  
2 individuals from participating in agricultural production or  
3 ownership; provided that they comply with the requirements of  
4 this chapter, ensuring the same rights and obligations apply  
5 uniformly to in-state and out-of-state entities.

6 **§ -2 Definitions.** As used in this chapter:

7 "Agricultural land" means any real property classified as  
8 an agricultural district pursuant to section 205-2.

9 "Department" means the department of agriculture.

10 "Exempt entity" means a registered nonprofit organization  
11 operating under section 501(c)(3) of the Internal Revenue Code,  
12 that owns or leases agricultural land for purposes aligned with  
13 its demonstrated primary mission to support agriculture,  
14 education, or community development.

15 "Farming" means the cultivation of crops, raising of  
16 livestock or aquaculture, or horticultural production.

17 "Farming" does not include processing, refining, or packaging of  
18 agricultural products.

19 "Prohibited entity" means a corporation, trust, non-  
20 resident entity, or investment fund. "Prohibited entity" does  
21 not include an exempt entity.



1 "Resident" means a person who resides and files income tax  
2 returns in the State.

3 § -3 **Prohibited activities.** (a) No prohibited entity  
4 shall:

5 (1) Acquire or hold any interest in agricultural land  
6 within the State; or

7 (2) Engage in farming operations in the State.

8 (b) This section shall apply equally to all entities  
9 regardless of their state of origin, except for exempt entities.

10 § -4 **Restrictions on ownership and operations.** A  
11 prohibited entity that acquires agricultural land or engages in  
12 farming operations in violation of this chapter shall divest the  
13 land in accordance with section -8 or cease operations.

14 § -5 **Exemptions.** (a) Notwithstanding section -3, a  
15 prohibited entity may qualify for exemption from this chapter  
16 if:

17 (1) The entity's ownership is composed of a majority of  
18 Hawaii residents; provided that a majority of  
19 shareholders, members, or beneficiaries are actively  
20 engaged in farming; provided further that the entity



1           has no more than fifteen shareholders, members, or  
2           beneficiaries;

3           (2) The primary business activity of the entity is  
4           farming; and

5           (3) The entity is not engaged in speculative landholding  
6           or investment.

7           (b) This chapter shall not apply to exempt entities with  
8           the exception of reporting requirements established by the  
9           department pursuant to section     -6.

10          (c) All exempt entities that acquire or hold any interest  
11          in agricultural land within the State or engage in farming  
12          operations in the State shall submit an annual report to the  
13          department demonstrating continued compliance with this chapter.

14          **§   -6 Enforcement; rules.** (a) The department shall  
15          enforce compliance with this chapter. Enforcement shall be  
16          conducted in a manner that does not unduly burden interstate  
17          commerce and aligns with legitimate state interests in  
18          preserving local agricultural sustainability.

19          (b) The department may:

20          (1) Assess fines and other penalties in addition to those  
21          under section     -7; and



(2) Oversee the orderly divestiture of agricultural land pursuant to section -8.

(c) The department shall adopt rules pursuant to chapter 91 to carry out the purposes of this chapter, including procedures for annual reporting by exempt entities.

**§ -7 Penalties.** Any prohibited entity found in violation of this chapter shall be subject to:

(1) A fine of not less than \$50,000 for each year that the entity remains non-compliant; and

(2) Mandatory divestiture in accordance with section -8 or cessation of farming operations.

**§ -8 Divestiture of agricultural land; restructuring farming operations.** (a) Beginning , prohibited entities holding agricultural land or engaging in farming operations shall have five years to comply with this chapter by divesting the agricultural land or restructuring operations to meet the exemption criteria under section -5.

(b) The department shall not grant any extensions to the five-year transition period under subsection (a)."

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



**Report Title:**

Agricultural Lands; Ownership; Farming Operations; Prohibition;  
Exemptions

**Description:**

Prohibits certain entities from acquiring or holding any  
interest in agricultural land within the State and from engaging  
in farming operations in the State. (Proposed SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is  
not legislation or evidence of legislative intent.*

