

JAN 23 2025

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# A BILL FOR AN ACT

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RELATING TO AGRICULTURE.

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

1       SECTION 1. The legislature finds that the high cost of  
2       agricultural land and housing in Hawaii presents significant  
3       barriers to individuals, particularly young and aspiring  
4       farmers, seeking to engage in bona fide agricultural activities.  
5       Traditional market dynamics often place land ownership and  
6       affordable housing out of reach, thereby hindering efforts to  
7       promote local food production and sustainable farming practices.

8       The legislature further finds that a combined housing  
9       operational agriculture mobilization program, based upon proven  
10      strengths of community land trusts, which have successfully  
11      provided affordable housing in perpetuity by separating land  
12      ownership from housing ownership, can help to address Hawaii's  
13      need for housing and agriculture.

14      The legislature also finds that offering secure, long-term  
15      access to land and affordable housing will:



(1) Empower new and young farmers by lowering financial barriers, encouraging a new generation of agricultural entrepreneurs;

(2) Promote sustainable agriculture, enabling investment in regenerative practices that enhance environmental stewardship;

(3) Strengthen local economies by supporting local food production and creating agricultural employment opportunities; and

(4) Ensure perpetual affordability by separating land ownership from housing ownership and implementing resale restrictions.

This Act is declared a matter of statewide concern to preserve Hawaii's agricultural heritage, promote sustainable development, and ensure the viability of the agricultural sector.

Accordingly, the purpose of this Act is to establish the combined housing operational agriculture mobilization program to provide both housing and farming opportunities to people engaged in bona fide agricultural activities.



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

**"CHAPTER**

**COMBINED HOUSING OPERATIONAL AGRICULTURE MOBILIZATION**

§ -1 **Definitions.** As used in this chapter, unless the context otherwise requires:

"Combined housing operational agriculture mobilization program" means a state-administered program that establishes and manages agricultural land and housing for perpetual affordability and sustainability, designed to support bona fide agricultural activities by individuals or families actively engaged in farming.

"Department" means the department of agriculture.

"Farm dwelling unit" means a single-family residence located on agricultural land, occupied by individuals or families who actively engage in bona fide agricultural production as their primary source of income or livelihood.

"Ground lease" means a long-term lease agreement, renewable for periods of up to ninety-nine years, under which the combined housing operational agriculture mobilization program retains



ownership of the land while granting lessees the right to occupy and use the land for agricultural purposes and housing.

"Primary occupant" means an individual or family residing in a farm dwelling unit who engages in bona fide agricultural activity as their primary occupation.

"Program" means the combined housing operational agriculture mobilization program established under section -2.

"Sustainable agriculture" means farming practices that conserve natural resources, enhance soil health, and ensure long-term productivity and profitability.

**§ -2 Combined housing operational agriculture mobilization program; established.** (a) There is established the combined housing operational agriculture mobilization program to address the dual challenges of agricultural land affordability and housing access.

(b) The combined housing operational agriculture mobilization program shall be administered by the department; which shall oversee the program's implementation, funding allocation, and compliance monitoring.



(c) The combined housing operational agriculture mobilization program shall:

- (1) Acquire, hold, and manage agricultural lands for affordable leasing to individuals engaged in bona fide agricultural activities;
- (2) Provide long-term, renewable leases for farm dwelling units and agricultural use, ensuring affordability in perpetuity;
- (3) Promote sustainable agricultural practices and environmental stewardship among participants;
- (4) Support the development of agricultural infrastructure, including farmworker housing, irrigation systems, and value-added processing facilities; and
- (5) Facilitate public-private partnerships to expand program resources and land availability.

§ -3 **Lands under the program; limitations.** (a) Lands designated under the combined housing operational agriculture mobilization program shall be used exclusively for the following purposes:



(1) Agricultural production, including cultivation of crops, livestock farming, aquaculture, and value-added production directly related to farm outputs;

(2) Farmworker housing and farm dwelling units for individuals actively engaged in bona fide agricultural activities;

(3) Agricultural infrastructure development, including irrigation systems, barns, greenhouses, and shared-use facilities; and

(4) Sustainable land use practices, including soil conservation and regenerative farming.

(b) Each primary occupant:

(1) Shall reside on the land designated under the program; and

(2) Actively participate in agricultural production as a primary occupation.

§ -4 **Affordability.** To ensure long-term affordability of combined housing operational agriculture mobilization lands:

(1) All combined housing operational agriculture mobilization lands shall be leased under renewable, long-term ground leases of up to ninety-nine years;



(2) Resale prices for leasehold interests and improvements shall be determined using a resale formula established by the department of agriculture; and

(3) The program shall prioritize low- to moderate-income participants to ensure accessibility to underrepresented groups.

§ -5 **Conservation easements.** Combined housing operational agriculture mobilization lands shall be encumbered with conservation easements to protect natural resources and prevent unauthorized development.

§ -6 **Participant subsidies.** The board of agriculture shall establish subsidized lease rates and award grants for agricultural improvements to program participants.

§ -7 **Annual inspections.** The department shall conduct annual inspections of combined housing operational agriculture mobilization lands to verify compliance with lease terms and program requirements.

§ -8 **Oversight committee.** The chairperson of the board of agriculture shall establish an oversight committee to provide guidance and recommend improvements to the program.



1       §   -9   **Administrative penalties.**   (a)   The department may,  
2   after notice and opportunity for hearing, terminate any person  
3   who violates this chapter from participation in the program.

4       (b)   The department may, after notice and opportunity for  
5   hearing, fine any person who violates this chapter or any rule  
6   adopted under this chapter, not more than \$       for each  
7   violation. Each day or instance of violation shall constitute a  
8   separate violation. Any action taken to impose or collect the  
9   penalty provided for in this subsection shall be considered a  
10   civil action.

11       §   -10   **Annual report.**   No later than twenty days prior to  
12   the convening of each regular session, the department shall  
13   submit a report to the legislature that includes for the prior  
14   fiscal year a summary of the program's activities, compliance  
15   efforts, and financial performance."

16       SECTION 3. Chapter 235, Hawaii Revised Statutes, is  
17   amended by adding a new section to be appropriately designated  
18   and to read as follows:

19       "§235-       Land combined housing operational agriculture  
20   mobilization tax credit.   (a)   There shall be allowed to each  
21   taxpayer subject to the taxes imposed by this chapter, an income





1 tax credit which shall be deductible from the taxpayer's net  
2 income tax liability, if any, imposed by this chapter for the  
3 taxable year in which the credit is properly claimed.

4 (b) The amount of the credit shall be equal to the  
5 appraised value of the agricultural lands the taxpayer validly  
6 donated to the combined housing operational agriculture  
7 mobilization program under section -2. Only donations  
8 accepted by the department of agriculture shall be considered  
9 valid.

10 (c) The appraised value of the agricultural lands shall be  
11 determined by an independent appraiser.

12 (d) The credit allowed under this section shall be claimed  
13 against the net income tax liability for the taxable year.

14 (e) If the tax credit under this section exceeds the  
15 taxpayer's income tax liability, the excess of credit over  
16 liability may be carried forward until exhausted.

17 (f) No taxpayer that claims a credit under this section  
18 shall claim any other credit or deduction under this chapter for  
19 the donation.



1        (g) As used in this section, "net income tax liability"  
2        means income tax liability reduced by all other credits allowed  
3        under this chapter."

4        SECTION 4. There is appropriated out of the general  
5        revenues of the State of Hawaii the sum of \$                    or so much  
6        thereof as may be necessary for fiscal year 2025-2026 and the  
7        same sum or so much thereof as may be necessary for fiscal year  
8        2026-2027 to establish the combined housing operational  
9        agriculture mobilization program.

10       The sums appropriated shall be expended by the department  
11       of agriculture for the purposes of this Act.


12       SECTION 5. If any provision of this Act, or the  
13       application thereof to any person or circumstance, is held  
14       invalid, the invalidity does not affect other provisions or  
15       applications of the Act that can be given effect without the  
16       invalid provision or application, and to this end the provisions  
17       of this Act are severable.

18       SECTION 6. New statutory material is underscored.

19       SECTION 7. This Act shall take effect on July 1, 2025;  
20       provided that:



- 1 (1) Section 3 shall apply to taxable years beginning after  
2 December 31, 2024; and  
3 (2) Implementation of the combined housing operational  
4 agriculture mobilization program under section -2  
5 shall commence no later than January 1, 2026.  
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INTRODUCED BY:  \_\_\_\_\_



# S.B. NO. 1562

**Report Title:**

HDOA; CHOAM Program; Farming Housing; Tax Credit

**Description:**

Establishes the Combined Housing Operational Agriculture Mobilization Program to assist bona fide farmers to live and farm on agricultural lands. Establishes a tax credit for land donated to the program.

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

