

Honolulu, Hawaii

FEB 13 2025

RE: S.B. No. 1562
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committees on Agriculture and Environment and Housing,
to which was referred S.B. No. 1562 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

beg leave to report as follows:

The purpose and intent of this measure is to establish:

- (1) The Combined Housing Operational Agriculture Mobilization Program (Program) to provide both housing and farming opportunities to people engaged in bona fide agricultural activities; and
- (2) A Land Combined Housing Operational Agriculture Mobilization Tax Credit (Tax Credit) for taxpayers who donate land to the Program.

Your Committees received testimony in support of this measure from the Office of the Mayor of the County of Maui and Hawai'i Farmers Union United.

Your Committees received comments on this measure from the Department of Agriculture, Department of the Attorney General, Department of Taxation, Tax Foundation of Hawaii, Hawai'i Farm Bureau, and one individual.



Your Committees find that the lack of agricultural workforce housing is an overlooked and longstanding problem that inhibits the growth of Hawaii's agricultural industry. This measure offers an innovative approach to address two of the most pressing challenges faced by Hawaii's agricultural community: access to affordable housing and productive use of agricultural lands. By establishing a program that allows bona fide farmers to live and work on the land they cultivate and encourages land donations to this program through a tax credit, this measure will help improve local food production and promote long-term access to land and affordable housing while supporting a new generation of farmers.

According to testimony received by your Committees, although this measure is comprehensive in outlining the structure and intent of the Program, several areas may benefit from further clarification to ensure robust oversight, financial sustainability, and alignment with the intended goals of the Program. Amendments to this measure are therefore necessary to clarify these provisions.

Your Committees have amended this measure by:

- (1) Clarifying the Department of Agriculture's (Department's) authority to acquire agricultural lands under the Program;
- (2) Requiring the Department to determine the term of the leases to the participants of the Program to serve long-term viability of agriculture;
- (3) If the Department determines that the Program shall utilize midterm leases, requiring the Department to specify a process to compensate participants for any improvements on the leased agricultural lands;
- (4) Clarifying the establishment of an Advisory Committee, rather than an Oversight Committee, to periodically review and evaluate the Program's lease structure and perform other duties;
- (5) Inserting language that specifies the composition of the Advisory Committee;



- (6) Requiring the Department of establish certain administrative rules regarding the Program;
- (7) Inserting language that caps the Tax Credit at the lesser of the appraised value of the agricultural lands validly donated or an unspecified amount in the aggregate for all donated parcels for the Program in a single taxable year;
- (8) Allowing the Department of Taxation to adopt rules to determine the amount of Tax Credit to be claimed based on the productivity rating on the agricultural land and any existing agricultural infrastructure;
- (9) Inserting language setting deadlines for which the Tax Credit may be claimed and exhausted;
- (10) Extending the effective date of the Tax Credit to apply to taxable years beginning January 1, 2026;
- (11) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (12) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committees note that this measure contains an unspecified appropriation amount. According to testimony from the Department of Agriculture, the initial funding for the first year of this Program is estimated at approximately \$750,000 to procure a study of available land that satisfies the intent of this measure and to hire one permanent full-time equivalent (1.0 FTE) property manager V position (SR-24) to oversee the establishment of the Program. The funding for the second year to procure lands and operational funds to manage the Program is reliant upon the completion of the study procured. Should your Committee on Ways and Means choose to deliberate on this measure, your Committees respectfully request that it consider inserting an appropriation amount of \$750,000 for the first year of the biennium to procure a study of available land that satisfies the intent of this measure and to hire one permanent full-time equivalent (1.0 FTE) property manager V position (SR-24) to oversee the establishment of the Program.



As affirmed by the records of votes of the members of your Committees on Agriculture and Environment and Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1562, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1562, 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 Housing,



STANLEY CHANG, Chair

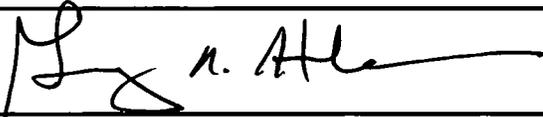


MIKE GABBARD, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
 Committee on Housing
 HOU

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1562	AEN/HOU, WAM	2/3/2025		
<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
CHANG, Stanley (C)	/			
HASHIMOTO, Troy N. (VC)	/			
AQUINO, Henry J.C.	/			
KANUHA, Dru Mamo				/
FEVELLA, Kurt	/			
TOTAL	4	0	0	1
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