

**ACT 88**

H.B. NO. 4010

A Bill for an Act Relating to Public Lands.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The legislature finds that widespread development of farm ownership is one of several stipulated uses of proceeds from the public land trust and continued growth and development of diversified agriculture is an objective of the Hawaii state plan.

Certain permittees of agricultural lands have occupied such state lands for many years, but because their tenure is on a month-to-month basis, they lack security and are unable to obtain financing for farm improvements due to the lack of long-term tenure, and this, in turn, prevents more productive use of the land.

The purpose of this Act is to authorize the department of agriculture to negotiate long-term leases with certain permittees of agricultural lands. The legislature finds that it is in the public interest to assist qualifying permittees who depend on farming the state land for a livelihood, that the purpose of this Act is consistent with the objectives of the Hawaii state plan, and the State would realize greater returns from the long-term disposition of lands now under permit.

SECTION 2. Chapter 166, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**“§166- Lease negotiation.** (a) The department of agriculture may negotiate and enter into leases with any person who:

- (1) As of the effective date of this Act, holds a revocable permit for agricultural purposes; or
- (2) Has formerly held an agricultural lease which expired within the last ten years preceding the effective date of this Act and has continued to occupy the state land; and
- (3) Does not own agriculturally-zoned land of twenty-five acres or more in the State, individually or jointly with a spouse, or whose spouse does not own twenty-five acres or more of agriculturally-zoned land in the State.

(b) The land eligible for lease negotiations under this section are limited to those lands:

- (1) Zoned and used for agricultural purposes;
- (2) Set aside by governor's executive order to the department of agriculture for agricultural uses only; and
- (3) Not needed by any state or county agency for any other public purpose.

(c) In negotiating and executing a lease as authorized, the board of agriculture shall:

- (1) Require the appraisal of the parcel to determine the fair market value;
- (2) Require the payment of annual lease rent based on the fair market value established by appraisal;
- (3) Require the payment of a premium, computed at twenty-five per cent of the annual lease rent, with the premium to be added to the annual lease rent for each year of the lease equal to the number of years the lessee has occupied the land, except that the premium period shall not exceed four years; and
- (4) Recover from the lessee the costs of expenditures required by the department to convert the parcel into leasehold.

Within six months from the effective date of this section, the department shall notify in writing the permittees of lands eligible for lease negotiations under this section and shall inform the permittees of the terms, conditions, and restrictions provided by this section. Any permittee may apply for a lease; provided that the application shall be submitted to the department in writing within thirty days from the date of receipt of notification; provided further that the department may require documentary proof from any applicant to determine that the applicant meets eligibility and qualification requirements for a lease as specified by this section.”

SECTION 3. New statutory material is underscored.<sup>1</sup>

SECTION 4. This Act shall take effect on July 1, 1996.

(Approved June 6, 1996.)

**Note**

1. Edited pursuant to HRS §23G-16.5.