

## ACT 232

S.B. NO. 1511

A Bill for an Act Relating to Aquaculture.

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

SECTION 1. The legislature finds that direct leasing of public lands has been a cornerstone for building a successful commercial aquaculture industry in the State. Currently, aquaculture leases have a statutory limit of thirty-five years, with no option for renewal, whereas state non-agricultural park leases have a maximum term of sixty-five years for experienced farmers and include the option for renewal.

Project financing and private-sector investment require sufficient lease terms for ventures to reach economic viability. Federally guaranteed loans for aquaculture enterprises are available for loan terms up to forty years, but some require applicants to have a lease with at least five years remaining past the term of the loan, thus requiring a minimum of forty-five years. Other federally guaranteed loans require a lease at least fifty per cent longer than the term of the loan which, in the case of a forty-year loan, translates to a minimum of sixty years.

The purpose of this Act is to encourage commercial aquaculture production in the State by providing favorable terms for leasing public lands.

SECTION 2. Section 171-59, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) Disposition of public lands for airline, aircraft, airport-related, agricultural processing, cattle feed production, aquaculture, marine, maritime, and maritime-related operations may be negotiated without regard to the limitations set forth in subsection (a) and section 171-16(c); provided that:

- (1) The disposition encourages competition within the aeronautical, airport-related, agricultural, aquaculture, maritime, and maritime-related operations;
- (2) The disposition shall not exceed a maximum term of thirty-five years, except in the case of [maritime]:
  - (A) Maritime and maritime-related operations, which may provide for a maximum term of seventy years; and
  - (B) Aquaculture operations, which may provide for a maximum term of sixty-five years; provided that aquaculture operations in good standing may seek to renew a lease issued under this section and, during the lease term, may engage in supportive activities that are related to or integrated with aquaculture; and
- (3) The method of disposition of public lands for cattle feed production as set forth in this subsection shall not apply after December 31, 1988.

For the purposes of this subsection:

“Agricultural processing” means the processing of agricultural products, including dairying, grown, raised, or produced in Hawaii.

“Airport-related” means a purpose or activity that requires air transportation to achieve that purpose or activity.

“Aquaculture” means the propagation, cultivation, or farming of aquatic plants and animals in controlled or selected environments for research, commercial, or stocking purposes, including aquaponics or any growing of plants or animals with aquaculture effluents.

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“Maritime-related” means a purpose or activity that requires and is directly related to the loading, off-loading, storage, or distribution of goods and services of the maritime industry.”

**SECTION 3.** Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

**SECTION 4.** This Act shall take effect on July 1, 2011.

(Approved July 12, 2011.)