

ACT 181

S.B. NO. 2413

A Bill for an Act Relating to Agriculture.

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

SECTION 1. The legislature finds that state agricultural lands are a key resource that can be used to meet the State's goals for economic diversification and food self-sufficiency. In order to support farmers on these lands, the State subsidizes lessees by providing leases below market rates and, in some cases, providing lower-cost agricultural water. Despite these state subsidies, some state agricultural leases are used primarily as residences or non-agricultural businesses or are unused.

The legislature further finds that lessees who obtain a state agricultural lease in high-demand locations can transfer the remainder of their lease to the highest bidder, thereby converting their lease into a windfall profit above and beyond their investment in the property. This windfall profit is an unintended transfer of wealth from the State to individual lessees. This situation also causes the transfers of leases to the highest bidder, who may or may not be the farmers best able to use the land for agricultural production. The legislature believes that further data is needed to assess the extent to which the department of agriculture leases maximize benefits to the State and help the State achieve its economic and food production goals. Further data is also needed to assess whether the transfer of state lands from one lessee to another results in the difference between the actual value of the lease and the subsidized price of the lease being monetized for private, rather than state, benefit.

Accordingly, the purpose of this Act is to require the board of agriculture to submit a report to the legislature on the percentages of agricultural lands being leased by the State that are suitable for farming and actively being used for farming purposes and certain dollar amounts relating to lease transfers between lessees.

SECTION 2. No later than twenty days prior to the convening of the regular session of 2025, the board of agriculture shall submit to the legislature a report that includes:

- (1) For each parcel, by tax map key, of agricultural land that is leased by the State pursuant to section 166-11, Hawaii Revised Statutes, the percentages that are:
 - (A) Suitable for farming; and
 - (B) Actively being farmed; and
- (2) For every lease entered into pursuant to section 166-11, Hawaii Revised Statutes, that was transferred by a lessee to another lessee, the dollar amounts of the following:
 - (A) Lease rent;
 - (B) Sum paid by the purchasing lessee for the remainder of the lease; and
 - (C) Amount from the sum paid by the purchasing lessee, pursuant to subparagraph (B), that goes to the State.

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

(Approved July 3, 2024.)