
A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

1 PART I

2 SECTION 1. The legislature finds that the agribusiness
3 development corporation was established in 1994, to address the
4 issues of large tracts of land becoming available due to the
5 downsizing of the sugar and pineapple industries.

6 The legislature further finds that Hawaii now faces
7 different issues in agriculture, mainly sustainable agriculture
8 and local food production. According to the agribusiness
9 development corporation's 2019 report to the legislature, the
10 corporation manages over twenty-two thousand acres of public
11 agricultural lands with significant potential to shape the
12 State's agricultural public policy toward the goal of food
13 self-sufficiency. The lack of affordable agricultural land with
14 long-term leases is cited as a key inhibitor of the growth and
15 expansion of local agriculture.

16 The purpose of this part is to:



- 1 (1) Ensure that the agribusiness development corporation
- 2 prioritizes food production for local consumption; and
- 3 (2) Ensure transparency and accountability by requiring
- 4 the department of agriculture and agribusiness
- 5 development corporation to submit reports to the
- 6 legislature on the department's and corporation's
- 7 leasing activities.

8 SECTION 2. Chapter 141, Hawaii Revised Statutes, is
9 amended by adding a new section to part I to be appropriately
10 designated and to read as follows:

11 "§141- Reporting requirements; leased lands. (a) The
12 department of agriculture shall submit an annual report to the
13 legislature, and post the report on the department's website, no
14 later than twenty days prior to the convening of each regular
15 session. The report shall contain the following information
16 regarding the department's leased lands:

- 17 (1) The number of lots leased by size and island;
- 18 (2) The number of lots leased that contain protocols and
19 conditions supporting specialty farm products by
20 island;



1 (3) A list of the vacant parcels and unoccupied parcels in
2 the leasing process by island, including the parcel
3 size, location, and date the parcel was last occupied
4 by a tenant; and

5 (4) A description of any lease sales or transfers by
6 lessees approved by the board of agriculture,
7 including:

8 (A) A description of the type of farm products
9 produced by the transferring lessee and the farm
10 products to be produced by the accepting lessee
11 on the leased lands; and

12 (B) The date and description of the transferring
13 lessee's last lease approved by the board of
14 agriculture."

15 SECTION 3. Section 163D-1, Hawaii Revised Statutes, is
16 amended to read as follows:

17 " ~~[+]§163D-1[+]~~ **Findings and purpose.** The legislature
18 finds that the downsizing of the sugar and pineapple industries
19 is presenting an unprecedented opportunity for the conversion of
20 agriculture into a dynamic growth industry~~[-]~~, including local
21 food production. Within the next decade, seventy-five thousand



1 acres of agricultural lands and fifty million gallons per day of
2 irrigation water are expected to be released by plantations.
3 The downsizing of the sugar and pineapple industries will idle a
4 valuable inventory of supporting infrastructure including
5 irrigation systems, roads, drainage systems, processing
6 facilities, workshops, and warehouses. The challenge to
7 government and business is to conserve and convert the arable
8 lands and their associated production infrastructure in a timely
9 manner into new productive uses, including local food
10 production, that are based upon strategies developed from
11 detailed marketing analysis and monitoring of local, national,
12 and international opportunities. Constantly evolving economies
13 require an aggressive and dynamic leadership for the promotion
14 and development of agricultural enterprises, and centralized
15 leadership to coordinate industry development, provide industry-
16 wide services, provide marketing assistance, and facilitate
17 investments and coventures in viable enterprises.

18 The purpose of this chapter is to create a vehicle and
19 process to make optimal use of agricultural assets for the
20 economic, environmental, and social benefit of the people of
21 Hawaii. This chapter establishes a public corporation to



1 administer an aggressive and dynamic agribusiness development
 2 program. The corporation shall coordinate and administer
 3 programs to assist agricultural enterprises to facilitate the
 4 transition of agricultural infrastructure from plantation
 5 operations into other agricultural enterprises, including those
 6 promoting local food production, to carry on the marketing
 7 analysis to direct agricultural industry evolution, and to
 8 provide the leadership for the development, financing,
 9 improvement, or enhancement of agricultural enterprises[-] and
 10 local food production."

11 SECTION 4. Section 163D-2, Hawaii Revised Statutes, is
 12 amended by adding two new definitions to be appropriately
 13 inserted and to read as follows:

14 "Local food production" means crops, livestock, poultry,
 15 and other foods that are grown and raised in Hawaii, at least in
 16 part, for direct consumption by Hawaii residents and visitors.

17 "Primary business" means at least fifty per cent of the
 18 entity's production or harvest is distributed for local
 19 consumption in Hawaii."

20 SECTION 5. Section 163D-3, Hawaii Revised Statutes, is
 21 amended to read as follows:



1 **"§163D-3 Agribusiness development corporation; board of**
2 **directors; established.** (a) There is established the
3 agribusiness development corporation, which shall be a public
4 body corporate and politic and an instrumentality and agency of
5 the State. The corporation shall be headed by a board of
6 directors. The corporation shall be placed within the
7 department of agriculture for administrative purposes, but the
8 corporation may later incorporate as a nonprofit corporation if
9 this proves desirable to further its objectives; provided that
10 such reorganization as a nonprofit corporation shall not
11 adversely affect the federal tax status of the interest on any
12 bonds issued to finance any project or project facility.

13 (b) The board of directors of the corporation shall
14 consist of eleven voting members, of whom eight shall be
15 appointed by the governor. The terms of these eight members
16 shall be four years; provided that, commencing on July 1, 2005,
17 the governor shall reduce the terms of those initially appointed
18 so as to provide, as nearly as can be, for the expiration of an
19 equal number of terms at intervals of one year. The eight
20 members shall be selected on the basis of their knowledge,
21 experience, and proven expertise in small and large businesses



1 within the agricultural industry, agricultural economics,
2 banking, real estate, finance, promotion, marketing, and
3 management. Of these eight members [~~one~~]:

4 (1) One shall be from the city and county of Honolulu[~~7~~
5 ~~one~~];

6 (2) One shall be from the county of Hawaii[~~7~~~~one~~];

7 (3) One shall be from the county of Maui[~~7~~~~one~~];

8 (4) One shall be from the county of Kauai[~~7~~~~four~~];

9 (5) Two shall be representatives of local farmers' or
10 ranchers' associations, one each to be nominated by
11 the chairs of the house of representatives and senate
12 committees on agriculture; and

13 (6) Two shall be appointed at-large.

14 The director of business, economic development, and tourism; the
15 chairperson of the board of agriculture; and the chairperson of
16 the board of land and natural resources, or their designated
17 representatives, shall be ex-officio, voting members of the
18 board. All members shall continue in office until their
19 respective successors have been appointed and qualified. The
20 board shall annually elect its chairperson from among its



1 members; provided that the chairperson shall not be an ex-
2 officio member.

3 (c) The members of the board shall serve without
4 compensation, but shall be reimbursed for actual expenses
5 incurred in the performance of their duties.

6 (d) The board shall appoint an executive director, who
7 shall serve at the pleasure of the board and shall be exempt
8 from chapter 76. The salary of the executive director shall be
9 set by the board.

10 (e) The board, through its executive director, may appoint
11 officers, agents, and employees; prescribe their duties and
12 qualifications; and fix their salaries, without regard to
13 chapter 76.

14 (f) Meetings of the board shall be subject to the
15 requirements set forth in part I of chapter 92."

16 SECTION 6. Section 163D-5, Hawaii Revised Statutes, is
17 amended by amending subsection (a) to read as follows:

18 "(a) The corporation shall prepare the Hawaii agribusiness
19 plan which shall define and establish goals, objectives,
20 policies, and priority guidelines for its agribusiness



1 development strategy. The plan shall include but not be limited
2 to:

3 (1) An inventory of agricultural lands with suitable
4 adequate water resources that are or will become
5 available due to the downsizing of the sugar and
6 pineapple industries that can be used to meet present
7 and future agricultural production needs;

8 (2) An inventory of agricultural infrastructure that will
9 be abandoned by sugar and pineapple industries such as
10 irrigation systems, drainage systems, processing
11 facilities, and other accessory facilities;

12 (3) An analysis of imported agricultural products and the
13 potential for increasing local production to replace
14 imported products in a manner that complements
15 existing local producers and increases Hawaii's
16 agricultural self-sufficiency;

17 (4) Alternatives in the establishment of sound financial
18 programs to promote the development of diversified
19 agriculture;



- 1 (5) Feasible strategies for the promotion, marketing, and
- 2 distribution of Hawaii agricultural products in local,
- 3 national, and international markets;
- 4 (6) Programs to promote and facilitate the absorbing of
- 5 displaced agricultural workers into alternative
- 6 agricultural enterprises;
- 7 (7) Strategies to insure the provision of adequate air and
- 8 surface transportation services and supporting
- 9 facilities to support the agricultural industry in
- 10 meeting local, national, and international market
- 11 needs;
- 12 (8) Proposals to improve the gathering of data and the
- 13 timely presentation of information on market demands
- 14 and trends that can be used to plan future harvests
- 15 and production; and
- 16 (9) Strategies for federal and state legislative actions
- 17 that will promote the development and enhancement of
- 18 Hawaii's agricultural industries[-], and in particular
- 19 local food production."

20 SECTION 7. Section 163D-15.6, Hawaii Revised Statutes, is
 21 amended to read as follows:



1 "§163D-15.6 Commitment and preservation of agricultural
2 leases. (a) The [~~agribusiness development~~] corporation shall
3 work toward obtaining commitments from landowners in the leeward
4 and central districts of Oahu that their agricultural leases
5 shall be for a duration of twenty or more years and shall not be
6 amended or revoked to allow for a nonagricultural use of the
7 land; provided that for lands in central Oahu acquired under Act
8 234, Session Laws of Hawaii 2008, the agricultural leases shall
9 be for no more than fifty-five years.

10 (b) To further ensure the preservation of agriculture in
11 the leeward and central districts of Oahu, the [~~agribusiness~~
12 ~~development~~] corporation shall monitor the agricultural leases
13 of lands using the water from the Waiahole water system. In the
14 event of any proposed amendment or revocation of any lease, the
15 corporation shall do all things within its powers under this
16 chapter to protect and defend the interests of the agricultural
17 leaseholders to ensure the continuation of agricultural use for
18 those lands.

19 (c) Beginning January 1, 2022, the department of
20 agriculture and corporation shall annually lease or license at
21 least fifty per cent of land eligible for lease or license or



1 lease or license renewal, to agricultural operations whose
2 primary business is food or crop production for local
3 consumption, or for purposes that support food or crop
4 production for local consumption."

5 PART II

6 SECTION 8. The purpose of this part is to require the
7 agribusiness development corporation and its board of directors
8 to implement the recommendations contained in the state
9 auditor's January 2021 audit report.

10 SECTION 9. No later than January 1, 2023, the agribusiness
11 development corporation and its board of directors shall
12 implement in full the recommendations set out in pages 35
13 through 40 of the *Audit of the Agribusiness Development*
14 *Corporation: A Report to the Legislature of the State of*
15 *Hawaii*, Office of the Auditor, Report No. 21-01, dated January
16 2021.

17 The agribusiness development corporation and its board of
18 directors shall submit to the legislature, no later than twenty
19 days prior to the convening of the regular session of 2022, a
20 joint interim report of their respective progress in
21 implementing the foregoing recommendations; and no later than



1 December 31, 2023, a joint final report of their overall
2 progress in implementing the foregoing recommendations.

3 PART III

4 SECTION 10. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 11. This Act shall take effect on July 1, 2050.



Report Title:

HDOA; Agribusiness Development Corporation; Diversified Agriculture; Leased Lands; Reporting Requirements; Local Food Production; Enterprise; Auditor's Report; Implementation of Auditor's Recommendations

Description:

Requires the Hawaii department of agriculture and agribusiness development corporation to annually lease at least 50% of land leased or up for lease renewal to operations whose primary business is, or supports, local food production beginning 1/1/2022. Requires the Hawaii department of agriculture and agribusiness development corporation to submit reports to the legislature on leasing activities. Requires the agribusiness development corporation and its board of directors to implement by 1/1/2023 the recommendations in the State Auditor's Report No. 21-01 and requires a progress report to the 2022 legislature and a final report by 12/31/2023. Effective 7/1/2050. (SD2)

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

