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# A BILL FOR AN ACT

RELATING TO AGRICULTURAL PARK LEASES.

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

1           SECTION 1. Section 166-11, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "~~{}~~§166-11~~}~~ **Lease negotiation.** (a) The department ~~[of~~  
4 ~~agriculture]~~ may negotiate and enter into leases with any person  
5 ~~[who]~~:

6           (1) ~~[As]~~ Who, as of July 1, 1996, holds a revocable permit  
7 for agricultural purposes; or

8           (2) ~~[Has]~~ Who:

9           (A) Has formerly held an agricultural lease which  
10 expired within the last ten years preceding  
11 July 1, 1996, and has continued to occupy the  
12 state land; and

13           ~~{3}~~ (B) Does not own ~~[agriculturally-zoned]~~  
14 agriculturally zoned land of twenty-five acres or  
15 more in the State, individually or jointly with a  
16 spouse, or whose spouse does not own twenty-five



1                    acres or more of [~~agriculturally-zoned~~]  
2                    agriculturally zoned land in the State.

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

5            (1) Zoned and used for agricultural purposes;

6            (2) Set aside by governor's executive order to the  
7            department [~~of agriculture~~] for agricultural uses  
8            only; and

9            (3) Not needed by any state or county agency for any other  
10            public purpose.

11           (c) In negotiating and executing a lease as authorized,  
12 the board [~~of agriculture~~] shall:

13           (1) Require the appraisal of the parcel to determine the  
14           fair market value;

15           (2) Require the payment of annual lease rent based on the  
16           fair market value established by appraisal;

17           (3) Require the payment of a premium, computed at twenty-  
18           five per cent of the annual lease rent, with the  
19           premium to be added to the annual lease rent for each  
20           year of the lease equal to the number of years the



1 lessee has occupied the land, except that the premium  
2 period shall not exceed four years; and

3 (4) Recover from the lessee the costs of expenditures  
4 required by the department to convert the parcel into  
5 leasehold.

6 Within six months from July 1, 1996, the department shall  
7 notify in writing the permittees of lands eligible for lease  
8 negotiations under this section and shall inform the permittees  
9 of the terms, conditions, and restrictions provided by this  
10 section. Any permittee may apply for a lease; provided that the  
11 application shall be submitted to the department in writing  
12 within thirty days from the date of receipt of notification;  
13 provided further that the department may require documentary  
14 proof from any applicant to determine that the applicant meets  
15 eligibility and qualification requirements for a lease as  
16 specified by this section.

17 (d) Notwithstanding any other law to the contrary, if any  
18 lessee holds a lease having a remaining term of fifteen years or  
19 less, the department may extend the term of the lease for an  
20 additional thirty years; provided that the land covered by the  
21 lease is:



- 1        (1) Twenty-five acres or less;
- 2        (2) Located in a county with a population of less than  
3        five hundred thousand; and
- 4        (3) In active agricultural production, as determined by  
5        the department in accordance with subsection (e);  
6        provided that a lessee shall be exempt from this  
7        requirement if failure to meet it results from mental  
8        or physical disability or the loss of a spouse.
- 9        (e) For purposes of subsection (d) (3), land shall be  
10       determined to be in active agricultural production when:
- 11       (1) Within a reasonable period of time and in accordance  
12       with the plan of development and utilization specific  
13       to the lease, the lessee derives the major portion of  
14       the lessee's annual income from the production of  
15       livestock, poultry, crops, or products for which the  
16       land is granted to the lessee; or
- 17       (2) The premises are fully utilized in the production of  
18       crops or products for which the lease was granted."

19       SECTION 2. Statutory material to be repealed is bracketed  
20       and stricken. New statutory material is underscored.

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# S.B. NO. 695

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

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INTRODUCED BY: *Heath M. Reed*



# S.B. NO. 695

**Report Title:**

HDOA; Agricultural Park Leases; Extension

**Description:**

Allows the department of agriculture to extend the agricultural park lease of any lessee who holds a lease with a remaining term of 15 years or less; provided that the land covered by the lease is 25 acres or less, located in a county with a population of less than 500,000, and in active agricultural production.

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

