

JAN 27 2016

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# A BILL FOR AN ACT

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RELATING TO AGRICULTURE.

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

1       SECTION 1. The legislature finds that the State must meet  
2 its constitutional mandate of conserving agricultural lands.  
3 Article XI, section 3, of the Constitution of the State of  
4 Hawaii outlines the State's responsibilities to conserve and  
5 protect agricultural lands. It also charges the State with the  
6 responsibility of promoting diversified agriculture, increasing  
7 agricultural self-sufficiency, and assuring the availability of  
8 agriculturally suitable lands. The downsizing of Hawaii's  
9 agricultural industry over the decades and the closures of large  
10 operations, including those of the Waialua Sugar Mill, the  
11 Hawaiian Commercial & Sugar Company, and, most notably Del Monte  
12 and the Dole Food Company, have resulted in the availability of  
13 large tracts of former agricultural land for sale.

14       The legislature further finds that article XI, section 4,  
15 of the Constitution of the State of Hawaii grants the State the  
16 power to acquire interests in real property to control future  
17 growth, development, and land use within the State. The State



1 established the agribusiness development corporation in 1994,  
2 and tasked it with a top priority of transitioning Hawaii's  
3 agriculture industry from an industry dominated by sugar and  
4 pineapple to one based on a greater diversity of crops.  
5 Hawaii's environmental response, energy, and food security tax  
6 provides a funding source for energy and food security  
7 initiatives. Of the \$1.05 per barrel tax on petroleum products  
8 other than aviation fuel, only 45 cents are allocated to  
9 supporting environmental response, energy, and food security.  
10 The remaining 60 cents are deposited in the general fund.

11 The purpose of this Act is to align the environmental  
12 response, energy, and food security tax with its original intent  
13 by reallocating a portion of the tax from the general fund to  
14 the agribusiness development corporation to fund the acquisition  
15 of agricultural land.

16 SECTION 2. Section 163D-17, Hawaii Revised Statutes, is  
17 amended by amending subsection (a) to read as follows:

18 "(a) There is established the Hawaii agricultural  
19 development revolving fund, to which shall be credited any state  
20 appropriations to the fund ~~[or]~~, the portion of the  
21 environmental response, energy, and food security tax specified



1 under section 243-3.5, and other moneys made available to the  
2 fund, to be expended as directed by the corporation[-]; provided  
3 that any moneys deposited into the fund pursuant to section  
4 243-3.5 shall be expended at the sole discretion of the  
5 executive director to acquire agricultural lands."

6 SECTION 3. Section 243-3.5, Hawaii Revised Statutes, is  
7 amended by amending subsection (a) to read as follows:

8 "(a) In addition to any other taxes provided by law,  
9 subject to the exemptions set forth in section 243-7, there is  
10 hereby imposed a state environmental response, energy, and food  
11 security tax on each barrel or fractional part of a barrel of  
12 petroleum product sold by a distributor to any retail dealer or  
13 end user of petroleum product, other than a refiner. The tax  
14 shall be \$1.05 on each barrel or fractional part of a barrel of  
15 petroleum product that is not aviation fuel; provided that of  
16 the tax collected pursuant to this subsection:

- 17 (1) 5 cents of the tax on each barrel shall be deposited  
18 into the environmental response revolving fund  
19 established under section 128D-2;



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(2) 15 cents of the tax on each barrel shall be deposited into the energy security special fund established under section 201-12.8;

(3) 10 cents of the tax on each barrel shall be deposited into the energy systems development special fund established under section 304A-2169.1; [and]

(4) 15 cents of the tax on each barrel shall be deposited into the agricultural development and food security special fund established under section 141-10[-]; and



(5) 10 cents of the tax on each barrel shall be deposited into the Hawaii agricultural development revolving fund established under section 163D-17.

The tax imposed by this subsection shall be paid by the distributor of the petroleum product."

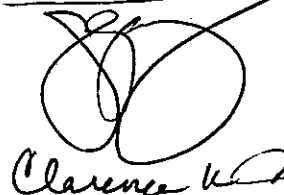
SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect on July 1, 2016.

INTRODUCED BY:

  
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# S.B. NO. 2795

**Report Title:**

Agricultural Lands; Tax; Agribusiness Development Corporation

**Description:**

Amends the environmental response, energy, and food security tax to allocate a portion of the proceeds to the Hawaii agricultural development revolving fund. Directs funds deposited into the Hawaii agricultural development revolving fund through the environmental response, energy, and food security tax to be expended to acquire agricultural land.

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

