
A BILL FOR AN ACT

RELATING TO LAND ACQUISITION.

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

1 PART I

2 SECTION 1. The legislature finds that the state
3 constitution mandates the State to conserve and protect
4 agricultural lands, promote diversified agriculture, increase
5 agricultural self-sufficiency, and assure the availability of
6 agriculturally suitable lands. The legislature notes that the
7 state office of planning, in conjunction with the department of
8 agriculture, recently prepared a report that advised the State
9 to improve agricultural infrastructure, including parks,
10 irrigation systems, and distribution systems and facilities, as
11 part of a strategy to increase food security and food self-
12 sufficiency.

13 The legislature further finds that the property on the
14 island of Hawaii identified as Tax Map Key: (3) 6-8-001:030
15 Kamuela, Hawaii, has recently been placed for sale. This
16 property is about ten acres, zoned for agricultural use,
17 contains seven buildings each equipped with irrigation and



1 misting systems, and is currently used to grow plants. The
2 legislature notes that the property's size, type, and
3 preexisting infrastructure make the property suitable for
4 acquisition by the State so that the State can fulfill its
5 constitutional obligations regarding agricultural lands.

6 The purpose of this part is to:

- 7 (1) Direct the board of land and natural resources to
8 enter into negotiations to acquire the property
9 identified as Tax Map Key: (3) 6-8-001:030 Kamuela,
10 Hawaii;
- 11 (2) Authorize the director of finance to issue general
12 obligation bonds for the purchase of the property; and
- 13 (3) Appropriate funds for the board of land and natural
14 resources to engage in negotiations and conduct due
15 diligence of the property.

16 SECTION 2. The board of land and natural resources shall
17 enter into negotiations to acquire the property identified as
18 Tax Map Key: (3) 6-8-001:030 Kamuela, Hawaii; provided that the
19 purchase price shall not exceed the appraised value of the
20 property as appraised by the department of land and natural
21 resources.



1 SECTION 3. The director of finance is authorized to issue
 2 general obligation bonds in the sum of \$ or so much
 3 thereof as may be necessary and the same sum or so much thereof
 4 as may be necessary is appropriated for fiscal year 2018-2019
 5 for the purchase of the property identified as Tax Map Key: (3)
 6 6-8-001:030 Kamuela, Hawaii, from Hanano Nursery, Inc.

7 The sum appropriated shall be expended by the department of
 8 land and natural resources for the purposes of this part.

9 SECTION 4. There is appropriated out of the general
 10 revenues of the State of Hawaii the sum of \$ or so much
 11 thereof as may be necessary for fiscal year 2018-2019 for the
 12 board of land and natural resources to:

- 13 (1) Engage in negotiations to purchase the property
 14 identified as Tax Map Key: (3) 6-8-001:030 Kamuela,
 15 Hawaii, from Hanano Nursery, Inc.; and
- 16 (2) Conduct due diligence of the property, which may
 17 include an environmental assessment of any potential
 18 release or presence of hazardous materials on the
 19 property and an environmental sampling and analysis
 20 plan.



1 The sum appropriated shall be expended by the department of
2 land and natural resources for the purposes of this part.

3 SECTION 5. The appropriation made in section 3 of this
4 part for the purchase of property authorized by this part shall
5 not lapse at the end of the fiscal biennium for which the
6 appropriation is made; provided that all moneys from the
7 appropriation unencumbered as of June 30, 2020, shall lapse as
8 of that date.

9 PART II

10 SECTION 6. The legislature finds that the State is
11 obligated to meet its mandate to conserve agricultural land
12 pursuant to article XI, section 3, of the Hawaii State
13 Constitution, which requires the State to conserve and protect
14 agricultural lands, promote diversified agriculture, increase
15 agricultural self-sufficiency, and assure the availability of
16 agriculturally suitable lands. The legislature further finds
17 that the State must take a more active role in providing
18 assistance to promote farming as a business.

19 The legislature further finds that over the past four
20 decades, there has been a steady decline of agricultural
21 plantations in Hawaii. A report issued by the department of



1 agriculture, entitled "Statewide Agricultural Land Use Baseline
2 2015" (report), shows a dramatic change in agricultural land
3 over the last thirty-five years as sugar and pineapple
4 production have downsized. According to the report, in 2015,
5 Hawaii had approximately 151,830 acres of agricultural land in
6 active crop production and 761,430 acres in pasture use,
7 compared to approximately 350,830 acres in cropland and
8 1,100,000 acres in pasture use in 1980.

9 The legislature further finds that large tracts of
10 agricultural land identified by the office of planning are now
11 fallow, including those formerly used for pineapple and sugar
12 cane. These lands provide a unique opportunity for the State to
13 fulfill the intent of the constitutional mandate regarding
14 diversified agriculture and agricultural self-sufficiency
15 through acquisition of suitable agricultural land for long-term
16 leases for diversified and bona fide agricultural operations
17 that increase agricultural production.

18 A separate report by the office of planning, in cooperation
19 with the department of agriculture, entitled "Increased Food
20 Security and Food Self-Sufficiency Strategy", recommends that



1 the State acquire and manage agricultural lands to strengthen
2 the local food system.

3 The legislature further finds that attempts to stimulate
4 diversified agriculture in the private sector through regulatory
5 controls and land use and zoning restrictions are not sufficient
6 to address the business needs necessary to effectively and
7 significantly increase diversified agriculture and avert
8 Hawaii's agricultural self-sufficiency crisis. Furthermore,
9 programs to preserve the remaining agricultural lands, such as
10 important agricultural lands, do not prevent subdivision or
11 condominium property regimes.

12 The legislature further finds that the governor has
13 committed to double Hawaii's food production by 2020. To
14 accomplish that objective, the governor aims to make more land
15 available for agriculture as a priority.

16 The purpose of this part is to:

17 (1) Establish the agricultural land acquisition fund for
18 the acquisition, administration, maintenance, and
19 management of agricultural lands and irrigation
20 systems to improve food security; and



1 (2) Make appropriations into and out of the agricultural
2 land acquisition fund.

3 SECTION 7. Chapter 163D, Hawaii Revised Statutes, is
4 amended by adding a new section to part I to be appropriately
5 designated and to read as follows:

6 "§163D- Agricultural land acquisition fund. (a) There
7 is established within the state treasury the agricultural land
8 acquisition fund to be administered by the corporation and into
9 which shall be deposited:

- 10 (1) Legislative appropriations;
- 11 (2) Environmental response, energy, and food security tax
12 revenues pursuant to section 243-3.5; and
- 13 (3) Other sources, including gifts, donations, and grants
14 from public agencies and private persons or entities.

15 (b) Moneys in the agricultural land acquisition fund shall
16 be expended for the acquisition, administration, maintenance,
17 and management of agricultural lands and irrigation systems to
18 improve food security."

19 SECTION 8. Section 243-3.5, Hawaii Revised Statutes, is
20 amended by amending subsections (a) and (b) to read as follows:



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

- 10 (1) 5 cents of the tax on each barrel shall be deposited
11 into the environmental response revolving fund
12 established under section 128D-2;
- 13 (2) 15 cents of the tax on each barrel shall be deposited
14 into the energy security special fund established
15 under section 201-12.8;
- 16 (3) 10 cents of the tax on each barrel shall be deposited
17 into the energy systems development special fund
18 established under section 304A-2169.1; ~~and~~
- 19 (4) 15 cents of the tax on each barrel shall be deposited
20 into the agricultural development and food security
21 special fund established under section 141-10[-]; and



1 (5) cents of the tax on each barrel shall be
2 deposited into the agricultural land acquisition fund
3 established under section 163D- .

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

6 (b) In addition to subsection (a), the tax shall also be
7 imposed on each one million British thermal units of fossil fuel
8 sold by a distributor to any retail dealer or end user, other
9 than a refiner, of fossil fuel. The tax shall be 19 cents on
10 each one million British thermal units of fossil fuel; provided
11 that of the tax collected pursuant to this subsection:

12 (1) 4.8 per cent of the tax on each one million British
13 thermal units shall be deposited into the
14 environmental response revolving fund established
15 under section 128D-2;

16 (2) 14.3 per cent of the tax on each one million British
17 thermal units shall be deposited into the energy
18 security special fund established under section
19 201-12.8;

20 (3) 9.5 per cent of the tax on each one million British
21 thermal units shall be deposited into the energy



1 systems development special fund established under
2 section 304A-2169.1; [~~and~~]

3 (4) 14.3 per cent of the tax on each one million British
4 thermal units shall be deposited into the agricultural
5 development and food security special fund established
6 under section 141-10[-]; and

7 (5) per cent of the tax on each one million British
8 thermal units shall be deposited into the agricultural
9 land acquisition fund established under section
10 163D- .

11 The tax imposed by this subsection shall be paid by the
12 distributor of the fossil fuel."

13 SECTION 9. There is appropriated out of the general
14 revenues of the State of Hawaii the sum of \$ or so
15 much thereof as may be necessary for fiscal year 2018-2019 for
16 deposit into the agricultural land acquisition fund established
17 under section 163D- , Hawaii Revised Statutes.

18 SECTION 10. There is appropriated out of the agricultural
19 land acquisition fund the sum of \$ or so much thereof
20 as may be necessary for fiscal year 2018-2019 for the
21 acquisition, administration, maintenance, and management of



1 agricultural lands and irrigation systems to improve food
2 security.

3 The sum appropriated shall be expended by the agribusiness
4 development corporation for the purposes of this part.

5 PART III

6 SECTION 11. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 12. This Act shall take effect on July 1, 2050.



Report Title:

Agricultural Land; Acquisition; BLNR; Appropriation; Food Security

Description:

Directs the Board of Land and Natural Resources to enter into negotiations to acquire the property identified as Tax Map Key: (3) 6-8-001:030 Kamuela, Hawaii. Authorizes the director of finance to issue general obligation bonds for the purchase of the property. Appropriates funds for the Board of Land and Natural Resources to engage in negotiations and conduct due diligence of the property. Establishes and appropriates funds out of the agricultural land acquisition fund to provide funding for the acquisition, administration, maintenance, and management of agricultural lands and irrigation systems to improve food security. Specifies sources of deposits into the fund. 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.

