

JAN 20 2023

A BILL FOR AN ACT

RELATING TO AGRICULTURAL PARK LEASES.

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

1 SECTION 1. The legislature finds that as agricultural park
2 lessees near the end of their lease terms, lessees are
3 disincentivized to invest resources or make major improvements
4 to the infrastructure of their agricultural operations since it
5 is uncertain whether or not they will be able to extend their
6 leases and continue their operations on agricultural park land
7 into the foreseeable future.

8 Accordingly, the purpose of this Act is to allow the
9 department of agriculture the ability to extend leases of an
10 agricultural park lessee who holds a lease with a remaining term
11 of fifteen years or less; provided that the land covered by the
12 lease is twenty-five acres or less and is located in a county
13 with a population of less than 500,000 persons.

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



1 " [{}§166-11[{}] Lease negotiation. (a) The department of
2 agriculture may negotiate and enter into leases with any person
3 who:

4 (1) As of July 1, 1996, holds a revocable permit for
5 agricultural purposes; or

6 (2) Has formerly held an agricultural lease which expired
7 within the last ten years preceding July 1, 1996, and
8 has continued to occupy the state land; and

9 (3) Does not own agriculturally-zoned land of twenty-five
10 acres or more in the State, individually or jointly
11 with a spouse, or whose spouse does not own twenty-
12 five acres or more of agriculturally-zoned land in the
13 State.

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

16 (1) Zoned and used for agricultural purposes;

17 (2) Set aside by governor's executive order to the
18 department of agriculture for agricultural uses only;
19 and

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



1 (c) In negotiating and executing a lease as authorized,
2 the board of agriculture shall:

3 (1) Require the appraisal of the parcel to determine the
4 fair market value;

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

7 (3) Require the payment of a premium, computed at twenty-
8 five per cent of the annual lease rent, with the
9 premium to be added to the annual lease rent for each
10 year of the lease equal to the number of years the
11 lessee has occupied the land, except that the premium
12 period shall not exceed four years; and

13 (4) Recover from the lessee the costs of expenditures
14 required by the department to convert the parcel into
15 leasehold.

16 (d) Notwithstanding any law to the contrary, if any lessee
17 holds a lease with a remaining term of fifteen years or less,
18 the department may extend the term by not more than thirty
19 years; provided that the land covered by the lease is:

20 (1) Twenty-five acres or less; and



1 (2) Located in a county with a population of less than
2 five hundred thousand persons.

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

14 SECTION 3. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 4. This Act shall take effect upon its approval.

17

INTRODUCED BY:



S.B. NO. 647

Report Title:

Department of Agriculture; Agricultural Park Leases; Extension

Description:

Authorizes the Department of Agriculture to extend the lease of any lessee who holds a lease with a remaining term of fifteen years or less; provided that the land covered by the lease is twenty-five acres or less and located in a county with a population of less than five hundred thousand persons.

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