
A BILL FOR AN ACT

RELATING TO A DEVELOPMENT ZONE.

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

1 SECTION 1. The legislature finds that Hawaii imports
2 eighty-five per cent of its food at a cost of \$3,000,000,000
3 annually. This adds to Hawaii's negative \$1,600,000,000 trade
4 deficit and Hawaii's food insecurity.

5 The legislature further finds that the State is the largest
6 landowner in Hawaii and has thousands of acres that can be
7 developed into farmland, including the approximately one-hundred
8 twenty thousand acres of fee simple lands in Waiakea forest
9 reserve, Hilo forest reserve, Olaa forest reserve. Converting
10 these lands into a perpetual agricultural ahupua`a will create
11 jobs and provide sustainable food for the people of Hawaii along
12 with a forestry manufacturing center using high value timber,
13 construction grade timber, and non-timber products that can
14 produce exportable goods over and above the volume that could be
15 consumed in the State.

16 The purpose of this Act is to establish a development zone
17 within a county with the second largest resident population in



1 the State as a district entitled the new ahupua`a zone, for the
2 purpose of increasing agricultural production in the State.

3 SECTION 2. The Hawaii Revised Statutes is amended by
4 adding a new chapter to be appropriately designated and to read
5 as follows:

6 "CHAPTER .

7 NEW AHUPUA`A ZONE

8 § -1 New ahupua`a zone; established. (a) There is
9 established within the department of agriculture a development
10 zone known as the new ahupua`a zone. The new ahupua`a zone shall
11 be situated in a county the second largest population in the
12 State consist of the approximately one hundred twenty thousand
13 acres of forest reserve land located in the central eastern
14 region of the county.

15 (b) The department of land and natural resources shall
16 establish the boundaries of the new ahupua`a zone by rules
17 adopted pursuant to chapter 91.

18 § -2 Purpose. The purpose of the new ahupua`a zone shall
19 be to develop methods for the State to achieve self-sufficiency
20 in food production.



1 § -3 Management; authority; duties. (a) The governor
2 shall select a for-profit or nonprofit entity to manage the new
3 ahupua`a zone.

4 (b) The entity shall:

- 5 (1) Implement a master plan for the new ahupua`a zone by
6 seeking farmers and businesses to operate within the
7 new ahupua`a zone;
- 8 (2) Perform all land leasing, land licensing, and
9 negotiations for joint venture projects;
- 10 (3) Manage the new ahupua`a zone through a master lease with
11 at least per cent of the rent paid to the State
12 within sixty days of receipt;
- 13 (4) Provide monthly income reports to the chairperson of
14 the board of agriculture;
- 15 (5) Not be responsible for lease and license payments not
16 received;
- 17 (6) Expedite completion of the first draft of a proposed
18 use map for the master plan for the new ahupua`a zone
19 within ninety-one days of being selected by the
20 governor;



- 1 (7) Clear the land in phases to assess the general
2 conditions of the land and natural resources;
- 3 (8) Coordinate special operating licenses, structured
4 joint venture agreements, and construction of
5 agricultural field roads;
- 6 (9) Receive, evaluate, approve, or disapprove all farming,
7 forestry and construction plans submitted by lease
8 holders, licensees, and joint venture partners in a
9 timely manner; provided that any plan not approved or
10 disapproved within ninety days shall be automatically
11 approved; provided further that upon approval of a
12 plan, the entity shall inspect the work to verify that
13 the work complies with the plan. Inspectors
14 designated by the entity shall inspect the operations
15 at least once per year or at an interval designated by
16 the entity;
- 17 (10) Seek private investors;
- 18 (11) Seek federal grants and philanthropic donations for
19 special projects;
- 20 (12) Set aside a portion of the land within the new ahupua`a
21 zone for a foreign-trade zone that is a secured area



- 1 under United States Customs and Border Protection
2 supervision and generally considered outside Customs
3 and Border Protection territory upon activation;
- 4 (13) Form a business cooperative for businesses directly
5 associated with the new ahupua`a zone to assist the
6 farmers and business owners;
- 7 (14) Allow rock quarry sites within the new ahupua`a zone at
8 sites selected by the entity;
- 9 (15) Allow the harvesting of timber within the new ahupua`a
10 zone for construction and high value luxury products;
- 11 (16) Establish a forestry harvesting plan that considers
12 all forestry management guidelines, including a
13 reforestation plan or conversion plan for other non-
14 timber uses;
- 15 (17) Allow water wells to be constructed within the new
16 ahupua`a zone;
- 17 (18) Allow water from streams and rivers to be used for
18 irrigation and hydropower plants located within the
19 new ahupua`a zone; provided that no more than fifty per
20 cent of the natural flow may be diverted for
21 irrigation;



1 (19) Allow lessees, licensees, and joint venture businesses
2 to install rain catchment ground covers in addition to
3 any covered roof areas and reservoirs built within the
4 boundaries of the new ahupua`a zone;

5 (20) Allow lessees, licensees, and joint venture businesses
6 to install solar power fields within the boundaries of
7 each entity within the boundaries of the new ahupua`a
8 zone;

9 (21) Allow farm dwellings to be built within the boundaries
10 of each entity in the new ahupua`a zone and rented to
11 persons who work within new ahupua`a zone; and

12 (22) Seek and assist selected farmers to create test plots
13 of new and proven commodities within the new ahupua`a
14 zone.

15 (c) The entity may seek and negotiate the building of a
16 private or government-run prison, that separates medium security
17 inmates, maximum security inmates, and mentally ill people for
18 humanitarian and psychological reasons, and allows on-the-job
19 training and real work experiences for inmates who qualify to
20 participate in training and work programs in agriculture,
21 forestry, construction, or manufacturing.



1 § -4 **Exemption; construction permits.** All construction
2 for grubbing, grading, building, electrical work, plumbing,
3 sewer infrastructure, and the installation of water wells and
4 surface water collections systems shall be exempt from all state
5 and county building permit requirements; provided that all
6 construction plans shall be prepared by licensed engineers or
7 registered land surveyors, as appropriate, who possess an active
8 license to practice within the scope of their expertise in the
9 State.

10 § -5 **Exemption; taxes.** (a) Any company operating
11 within the new ahupua`a zone shall be exempt from the general
12 excise tax imposed pursuant to chapter 237 on all sales derived
13 from the new ahupua`a zone for the first ten years of the
14 company's lease in the new ahupua`a zone.

15 (b) Any business operating in the new ahupua`a zone shall
16 be exempt from all state taxes derived from activities in the
17 new ahupua`a zone while business improvements made by the
18 business are being depreciated.

19 (c) All general excise taxes paid by a business for goods
20 and services relating directly to any business conducted in the
21 new ahupua`a zone shall be reimbursed by the State to the



1 business as a tax refund as shown on the business's year-end tax
2 return for the first seven years that the business operates in
3 the new ahupua`a zone.

4 § -6 Exemption; water connections. The new ahupua`a zone
5 shall be exempt from providing water connections to the county
6 of Hawaii.

7 § -7 Exemption; zoning. Implementation of all proposed
8 projects within the new ahupua`a zone shall be exempt from zoning
9 and land use designation requirements, but shall be subject to
10 the approval of the division of forestry and wildlife of the
11 department of land and natural resources.

12 § -8 Hawaii enterprise zone program; inclusion. The new
13 ahupua`a zone shall be included within the Hawaii enterprise zone
14 program pursuant to chapter 209E. All tax exemptions allowed to
15 a business operating within the new ahupua`a zone shall be
16 credited to the businesses on an annual basis as required by the
17 Hawaii enterprise zone program. Tax exemptions specifically for
18 the new ahupua`a zone as stated in this chapter or tax credits
19 based on the Hawaii enterprise zone program shall be used by
20 each business based on whichever is more advantageous to the
21 business.



1 § -9 Rules. The department of agriculture shall adopt
2 rules pursuant to chapter 91 for the purposes of this chapter."

3 SECTION 3. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so much
5 thereof as may be necessary for fiscal year 2023-2024 and the
6 same sum or so much thereof as may be necessary for fiscal year
7 2024-2025 for the new ahupua`a zone.

8 The sums appropriated shall be expended by the department
9 of agriculture for the purposes of this Act.

10 SECTION 4. This Act shall take effect on July 1, 2023.

11

INTRODUCED BY:



JAN 20 2023



H.B. NO. 533

Report Title:

Department of Agriculture; Development Zone; Appropriation;
Department of Land and Natural Resources; Forest Reserves

Description:

Establishes the new ahupua`a zone within a county with second largest resident population to be managed by an entity selected by the Governor and to develop agriculture. Appropriates moneys.

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