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# A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

1           SECTION 1. The legislature finds that the high cost of  
2 agricultural land and housing in Hawaii presents significant  
3 barriers to individuals, particularly young and aspiring  
4 farmers, seeking to engage in bona fide agricultural activities.  
5 Traditional market dynamics often place land ownership and  
6 affordable housing out of reach, thereby hindering efforts to  
7 promote local food production and sustainable farming practices.

8           The legislature further finds that a combined housing  
9 operational agriculture mobilization program, based upon proven  
10 strengths of community land trusts, which have successfully  
11 provided affordable housing in perpetuity by separating land  
12 ownership from housing ownership, can help to address Hawaii's  
13 need for housing and agriculture.

14           The legislature also finds that offering secure, long-term  
15 access to land and affordable housing will:



- 1 (1) Empower new and young farmers by lowering financial  
2 barriers, encouraging a new generation of agricultural  
3 entrepreneurs;
- 4 (2) Promote sustainable agriculture, enabling investment  
5 in regenerative practices that enhance environmental  
6 stewardship;
- 7 (3) Strengthen local economies by supporting local food  
8 production and creating agricultural employment  
9 opportunities; and
- 10 (4) Ensure perpetual affordability by separating land  
11 ownership from housing ownership and implementing  
12 resale restrictions.

13 This Act is declared a matter of statewide concern to  
14 preserve Hawaii's agricultural heritage, promote sustainable  
15 development, and ensure the viability of the agricultural  
16 sector.

17 Accordingly, the purpose of this Act is to establish the  
18 combined housing operational agriculture mobilization program to  
19 provide both housing and farming opportunities to people engaged  
20 in bona fide agricultural activities.



1 SECTION 2. The Hawaii Revised Statutes is amended by  
2 adding a new chapter to title 11 to be appropriately designated  
3 and to read as follows:

4 "CHAPTER

5 COMBINED HOUSING OPERATIONAL AGRICULTURE MOBILIZATION

6 § -1 **Definitions.** As used in this chapter, unless the  
7 context otherwise requires:

8 "Combined housing operational agriculture mobilization  
9 program" means a state-administered program that establishes and  
10 manages agricultural land and housing for perpetual  
11 affordability and sustainability, designed to support bona fide  
12 agricultural activities by individuals or families actively  
13 engaged in farming.

14 "Department" means the department of agriculture.

15 "Farm dwelling unit" means a single-family residence  
16 located on agricultural land, occupied by individuals or  
17 families who actively engage in bona fide agricultural  
18 production as their primary source of income or livelihood.

19 "Ground lease" means a long-term lease agreement, renewable  
20 for periods of up to ninety-nine years, under which the combined  
21 housing operational agriculture mobilization program retains



1 ownership of the land while granting lessees the right to occupy  
2 and use the land for agricultural purposes and housing.

3 "Primary occupant" means an individual or family residing  
4 in a farm dwelling unit who engages in bona fide agricultural  
5 activity as their primary occupation.

6 "Program" means the combined housing operational  
7 agriculture mobilization program established under  
8 section -2.

9 "Sustainable agriculture" means farming practices that  
10 conserve natural resources, enhance soil health, and ensure  
11 long-term productivity and profitability.

12 § -2 **Combined housing operational agriculture**

13 **mobilization program; established.** (a) There is established  
14 the combined housing operational agriculture mobilization  
15 program to address the dual challenges of agricultural land  
16 affordability and housing access.

17 (b) The combined housing operational agriculture  
18 mobilization program shall be administered by the department;  
19 which shall oversee the program's implementation, funding  
20 allocation, and compliance monitoring.



1 (c) The combined housing operational agriculture

2 mobilization program shall:

3 (1) Acquire, hold, and manage agricultural lands for  
4 affordable leasing to individuals engaged in bona fide  
5 agricultural activities;

6 (2) Provide long-term, renewable leases for farm dwelling  
7 units and agricultural use, ensuring affordability in  
8 perpetuity;

9 (3) Promote sustainable agricultural practices and  
10 environmental stewardship among participants;

11 (4) Support the development of agricultural  
12 infrastructure, including farmworker housing,  
13 irrigation systems, and value-added processing  
14 facilities; and

15 (5) Facilitate public-private partnerships to expand  
16 program resources and land availability.

17 § -3 **Lands under the program; limitations.** (a) Lands  
18 designated under the combined housing operational agriculture  
19 mobilization program shall be used exclusively for the following  
20 purposes:



1 (1) Agricultural production, including cultivation of  
2 crops, livestock farming, aquaculture, and value-added  
3 production directly related to farm outputs;

4 (2) Farmworker housing and farm dwelling units for  
5 individuals actively engaged in bona fide agricultural  
6 activities;

7 (3) Agricultural infrastructure development, including  
8 irrigation systems, barns, greenhouses, and shared-use  
9 facilities; and

10 (4) Sustainable land use practices, including soil  
11 conservation and regenerative farming.

12 (b) Each primary occupant:

13 (1) Shall reside on the land designated under the program;  
14 and

15 (2) Actively participate in agricultural production as a  
16 primary occupation.

17 § -4 **Affordability.** To ensure long-term affordability  
18 of combined housing operational agriculture mobilization lands:

19 (1) All combined housing operational agriculture  
20 mobilization lands shall be leased under renewable,  
21 long-term ground leases of up to ninety-nine years;



1           (2) Resale prices for leasehold interests and improvements  
2                   shall be determined using a resale formula established  
3                   by the department of agriculture; and

4           (3) The program shall prioritize low- to moderate-income  
5                   participants to ensure accessibility to  
6                   underrepresented groups.

7           §   **-5 Conservation easements.** Combined housing  
8 operational agriculture mobilization lands shall be encumbered  
9 with conservation easements to protect natural resources and  
10 prevent unauthorized development.

11          §   **-6 Participant subsidies.** The board of agriculture  
12 shall establish subsidized lease rates and award grants for  
13 agricultural improvements to program participants.

14          §   **-7 Annual inspections.** The department shall conduct  
15 annual inspections of combined housing operational agriculture  
16 mobilization lands to verify compliance with lease terms and  
17 program requirements.

18          §   **-8 Oversight committee.** The chairperson of the board  
19 of agriculture shall establish an oversight committee to provide  
20 guidance and recommend improvements to the program.



1           §   -9 **Administrative penalties.** (a) The department may,  
2 after notice and opportunity for hearing, terminate any person  
3 who violates this chapter from participation in the program.

4           (b) The department may, after notice and opportunity for  
5 hearing, fine any person who violates this chapter or any rule  
6 adopted under this chapter, not more than \$           for each  
7 violation. Each day or instance of violation shall constitute a  
8 separate violation. Any action taken to impose or collect the  
9 penalty provided for in this subsection shall be considered a  
10 civil action.

11          §   -10 **Annual report.** No later than twenty days prior to  
12 the convening of each regular session, the department shall  
13 submit a report to the legislature that includes for the prior  
14 fiscal year a summary of the program's activities, compliance  
15 efforts, and financial performance."

16          SECTION 3. Chapter 235, Hawaii Revised Statutes, is  
17 amended by adding a new section to be appropriately designated  
18 and to read as follows:

19          "§235-        Land combined housing operational agriculture  
20 mobilization tax credit. (a) There shall be allowed to each  
21 taxpayer subject to the taxes imposed by this chapter, an income



1 tax credit which shall be deductible from the taxpayer's net  
2 income tax liability, if any, imposed by this chapter for the  
3 taxable year in which the credit is properly claimed.

4 (b) The amount of the credit shall be equal to the  
5 appraised value of the agricultural lands the taxpayer validly  
6 donated to the combined housing operational agriculture  
7 mobilization program under section -2. Only donations  
8 accepted by the department of agriculture shall be considered  
9 valid.

10 (c) The appraised value of the agricultural lands shall be  
11 determined by an independent appraiser.

12 (d) The credit allowed under this section shall be claimed  
13 against the net income tax liability for the taxable year.

14 (e) If the tax credit under this section exceeds the  
15 taxpayer's income tax liability, the excess of credit over  
16 liability may be carried forward until exhausted.

17 (f) No taxpayer that claims a credit under this section  
18 shall claim any other credit or deduction under this chapter for  
19 the donation.



1           (g) As used in this section, "net income tax liability"  
2 means income tax liability reduced by all other credits allowed  
3 under this chapter."

4           SECTION 4. There is appropriated out of the general  
5 revenues of the State of Hawaii the sum of \$                   or so much  
6 thereof as may be necessary for fiscal year 2025-2026 and the  
7 same sum or so much thereof as may be necessary for fiscal year  
8 2026-2027 to establish the combined housing operational  
9 agriculture mobilization program.

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

12           SECTION 5. If any provision of this Act, or the  
13 application thereof to any person or circumstance, is held  
14 invalid, the invalidity does not affect other provisions or  
15 applications of the Act that can be given effect without the  
16 invalid provision or application, and to this end the provisions  
17 of this Act are severable.

18           SECTION 6. New statutory material is underscored.

19           SECTION 7. This Act shall take effect on July 1, 2025;  
20 provided that:



- 1 (1) Section 3 shall apply to taxable years beginning after  
2 December 31, 2024; and  
3 (2) Implementation of the combined housing operational  
4 agriculture mobilization program under section -2  
5 shall commence no later than January 1, 2026.  
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INTRODUCED BY: \_\_\_\_\_

A handwritten signature in black ink, consisting of a large, stylized initial 'A' followed by a cursive name, positioned above a horizontal line.

# S.B. NO. 1562

**Report Title:**

HDOA; CHOAM Program; Farming Housing; Tax Credit

**Description:**

Establishes the Combined Housing Operational Agriculture Mobilization Program to assist bona fide farmers to live and farm on agricultural lands. Establishes a tax credit for land donated to the program.

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

