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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 individuals  
20 engaged 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:

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

13 "Department" means the department of agriculture.

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

18 "Ground lease" means a long-term lease agreement, renewable  
19 for periods of up to ninety-nine years, under which the combined  
20 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; establishment.** (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. The program shall be a state-  
17 administered program that establishes and manages agricultural  
18 land and housing for perpetual affordability and sustainability,  
19 designed to support bona fide agricultural activities by  
20 individuals or families actively engaged in farming.



1 (b) The program shall be administered by the department,  
2 which shall oversee the program's implementation, funding  
3 allocation, and compliance monitoring.

4 (c) Upon mutual agreement and approval, the department may  
5 accept the transfer and management of agricultural lands for  
6 affordable leasing to individuals engaged in bona fide  
7 agricultural activities under the program.

8 (d) The program shall:

9 (1) Acquire, hold, and manage agricultural lands for  
10 affordable leasing to individuals engaged in bona fide  
11 agricultural activities;

12 (2) Provide long-term, renewable leases for farm dwelling  
13 units and agricultural use, ensuring affordability in  
14 perpetuity;

15 (3) Promote sustainable agricultural practices and  
16 environmental stewardship among participants;

17 (4) Support the development of agricultural  
18 infrastructure, including farmworker housing,  
19 irrigation systems, and value-added processing  
20 facilities; and



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

3 (e) The department shall determine the duration of leases  
4 under the program to best serve the long-term viability of  
5 agriculture, while providing opportunities to successive cohorts  
6 of beginning producers. Specifically, the department shall:

7 (1) Determine whether lease terms shall be:

8 (A) Up to ninety-nine years, offering lifetime  
9 security for a single cohort; or

10 (B) A shorter duration, such as twenty or thirty  
11 years, to allow for transitional opportunities  
12 for new farmers over time;

13 (2) Develop guidelines for lease renewals, transfers, or  
14 reassignments to ensure that qualifying new and young  
15 farmers can continue to benefit from the program; and

16 (3) Balance the need for farmer security, capital  
17 investment, and infrastructure development against the  
18 objective of supporting multiple generations of  
19 beginning farmers.

20 (f) If the department determines that the program shall  
21 utilize mid-term leases, the department shall adopt a clear



1 policy for the transfer or buyout of housing and improvements  
2 upon the expiration or termination of a lease, ensuring that:

- 3 (1) Improvements remain perpetually affordable and  
4 accessible to the subsequent lessee;  
5 (2) Departing farmers are fairly compensated for their  
6 equity in structures and improvements; and  
7 (3) Future program participants can benefit from  
8 established infrastructure and housing.

9 § -3 **Lands under the program; limitations.** (a) Lands  
10 designated under the program shall be used exclusively for the  
11 following purposes:

- 12 (1) Agricultural production, including cultivation of  
13 crops, livestock farming, aquaculture, and value-added  
14 production directly related to farm outputs;  
15 (2) Farmworker housing and farm dwelling units for  
16 individuals actively engaged in bona fide agricultural  
17 activities;  
18 (3) Agricultural infrastructure development, including  
19 irrigation systems, barns, greenhouses, and shared-use  
20 facilities; and



- 1 (4) Sustainable land use practices, including soil
- 2 conservation and regenerative farming.
- 3 (b) Each primary occupant:
- 4 (1) Shall reside on the land designated under the program;
- 5 and
- 6 (2) Actively participate in agricultural production as a
- 7 primary occupation.

8 § -4 **Affordability.** To ensure long-term affordability  
9 of combined housing operational agriculture mobilization lands:

- 10 (1) All combined housing operational agriculture
- 11 mobilization lands shall be leased under renewable,
- 12 long-term ground leases of up to ninety-nine years;
- 13 (2) Resale prices for leasehold interests and improvements
- 14 shall be determined using a resale formula established
- 15 by the department; and
- 16 (3) The program shall prioritize low- to moderate-income
- 17 participants to ensure accessibility to
- 18 underrepresented groups.

19 § -5 **Conservation easements.** Combined housing  
20 operational agriculture mobilization lands shall be encumbered



1 with conservation easements to protect natural resources and  
2 prevent unauthorized development.

3       §   -6 **Participant subsidies.** The board of agriculture  
4 shall establish subsidized lease rates and award grants for  
5 agricultural improvements to program participants.

6       §   -7 **Annual inspections.** The department shall conduct  
7 annual inspections of combined housing operational agriculture  
8 mobilization lands to verify compliance with lease terms and  
9 program requirements.

10       §   -8 **Advisory committee.** (a) There shall be  
11 established an advisory committee within the department. The  
12 advisory committee shall provide guidance and recommend  
13 improvements to the program. The advisory committee, in  
14 coordination with the department, shall periodically review and  
15 evaluate the program's lease structure and rates to ensure it  
16 continues to meet the dual objectives of supporting incumbent  
17 farmers' long-term success and creating opportunities for new  
18 and young farmers. The advisory committee shall consult on  
19 rulemaking and make recommendations for new land acquisitions.

20       (b) The oversight committee shall consist of eleven  
21 members:



- 1 (1) The chairperson of the board of agriculture, who shall  
2 serve as chair;
- 3 (2) One representative from the department of land and  
4 natural resources;
- 5 (3) One representative from the Hawaii housing finance and  
6 development corporation;
- 7 (4) One representative from each county's planning  
8 department;
- 9 (5) One representative of a community land trust operating  
10 in the State, who shall be invited to participate;
- 11 (6) One representative of the Hawaii Farmers Union, who  
12 shall be invited to participate;
- 13 (7) One representative of a farmer advocacy or cooperative  
14 organization, who shall be invited to participate; and
- 15 (8) One representative of an environmental conservation  
16 group, who shall be invited to participate.

17 § -9 **Administrative penalties.** (a) The department may,  
18 after notice and opportunity for hearing, terminate any  
19 individual who violates this chapter from participation in the  
20 program.



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

8 § -10 **Rules.** The department shall adopt rules pursuant  
 9 to chapter 91 necessary for the purposes of this chapter,  
 10 including but not limited to:

- 11 (1) Eligibility criteria and documentation requirements
- 12 for participants;
- 13 (2) Procedures for setting and adjusting lease rents;
- 14 (3) A resale formula and restrictions;
- 15 (4) Standards for sustainable agriculture;
- 16 (5) Inspection, monitoring, and enforcement protocols;
- 17 (6) Procedures for removal or termination of participants;
- 18 and
- 19 (7) Administrative penalties and appeals.

20 § -11 **Annual report.** No later than twenty days prior to  
 21 the convening of each regular session, the department shall



1 submit a report to the legislature that includes for the prior  
2 fiscal year a summary of the program's activities, compliance  
3 efforts, and financial performance."

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

7 "§235- Land combined housing operational agriculture  
8 mobilization tax credit. (a) There shall be allowed to each  
9 taxpayer subject to the taxes imposed by this chapter, an income  
10 tax credit that shall be deductible from the taxpayer's net  
11 income tax liability, if any, imposed by this chapter for the  
12 taxable year in which the credit is properly claimed.

13 (b) The amount of the credit shall be the lesser of:

14 (1) The appraised value of the agricultural lands validly  
15 donated for the combined housing operational  
16 agriculture mobilization program established under  
17 section -2; or

18 (2) \$ in the aggregate for all donated parcels  
19 for the combined housing operational agriculture  
20 mobilization program established under section -2  
21 in a single taxable year;



1 provided that only donations accepted by the department of  
2 agriculture shall be considered valid.

3 (c) In determining the amount of the tax credit for land  
4 donations, the department of taxation, in consultation with the  
5 department of agriculture, shall adopt rules pursuant to  
6 chapter 91 to scale the tax credit based on:

7 (1) The land's overall (master) productivity rating, as  
8 determined by the land study bureau's detailed land  
9 classification; and  
10 (2) The presence and condition of existing agricultural  
11 infrastructure, including but not limited to  
12 irrigation systems, fencing, farm roads, and  
13 processing facilities, provided that parcels with  
14 higher productivity ratings and substantial existing  
15 agricultural infrastructure shall be eligible for  
16 higher allowable credits, subject to any applicable  
17 cap under subsection (b).

18 (d) The appraised value of the agricultural lands shall be  
19 determined by an independent appraiser.

20 (e) The credit allowed under this section shall be claimed  
21 against the net income tax liability for the taxable year. All



1 claims for the credit under this section, including amended  
2 claims, shall be filed on or before the end of the twelfth month  
3 following the close of the taxable year for which the credit may  
4 be claims. Failure to comply with this subsection shall  
5 constitute a waiver of the right to claim the credit.

6 (f) If the tax credit under this section exceeds the  
7 taxpayer's income tax liability, the excess of credit over  
8 liability may be carried forward until exhausted within five  
9 years of the filing of the initial claim for the credit under  
10 this section.

11 (g) No taxpayer that claims a credit under this section  
12 shall claim any other credit or deduction under this chapter for  
13 the donation.

14 (h) As used in this section, "net income tax liability"  
15 means income tax liability reduced by all other credits allowed  
16 under this chapter."

17 SECTION 4. There is appropriated out of the general  
18 revenues of the State of Hawaii the sum of \$                    or so  
19 much thereof as may be necessary for fiscal year 2025-2026 and  
20 the same sum or so much thereof as may be necessary for fiscal



1 year 2026-2027 to establish the combined housing operational  
2 agriculture mobilization program.

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

5 SECTION 5. If any provision of this Act, or the  
6 application thereof to any person or circumstance, is held  
7 invalid, the invalidity does not affect other provisions or  
8 applications of the Act that can be given effect without the  
9 invalid provision or application, and to this end the provisions  
10 of this Act are severable.

11 SECTION 6. New statutory material is underscored.

12 SECTION 7. This Act shall take effect on July 1, 2050;  
13 provided that:

14 (1) Section 3 shall apply to taxable years beginning after  
15 December 31, 2025; and

16 (2) Implementation of the combined housing operational  
17 agriculture mobilization program under section -2,  
18 Hawaii Revised Statutes, shall commence no later than  
19 January 1, 2026.



**Report Title:**

Department of Agriculture; CHOAM Program; Farming Housing; Tax Credit; Appropriations

**Description:**

Establishes the Combined Housing Operational Agriculture Mobilization Program to assist bona fide farmers to live and farm on agricultural lands. For taxable years beginning 1/1/2026, establishes a tax credit for land donated to the Program. Appropriates funds. Effective 7/1/2050. (SD1)

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