THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

S.B. NO. 2595 S.D. 1

A BILL FOR AN ACT

RELATING TO THE AGRIBUSINESS DEVELOPMENT CORPORATION.

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

SECTION 1. Section 163D-4, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) Except as otherwise limited by this chapter, the corporation may:

(1) Sue and be sued;

(2) Have a seal and alter the same at its pleasure;

(3) Make and alter bylaws for its organization and internal management;

(4) Adopt rules under chapter 91 necessary to effectuate this chapter in connection with its projects, operations, and properties;

(5) Make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions under this chapter;

(6) (A) Acquire [~~or~~] by grant or purchase, contract to acquire by grant or purchase, lease as a lessee, license as a licensee, or rent as a tenant any

real, personal, or mixed property or any interest therein for its immediate or future use for the purposes of this chapter; [~~own,~~]

(B) Own, hold, improve, and rehabilitate any real, personal, or mixed property acquired[~~,~~]; and [~~sell,~~]

(C) Sell, assign, exchange, transfer, convey, [~~lease,~~] let, license as a licensor, rent as a landlord, or otherwise dispose of, or encumber [~~the same;~~] any real property acquired; provided that payments to the corporation under a lease, license, or rental agreement shall be at amounts not less than the market rate; provided further that if the products of the lessee, licensee, or tenant are fresh local agricultural products under section 302A-405.6 and purchased by the department of education or if the lessee, licensee, or tenant is a partner member of the food and product innovation network under section 163D-20, the payments to the corporation may be

less than the market rate. The market rate shall be determined by:

(i) An employee of the board qualified to appraise the real, personal, or mixed property; or

(ii) An appraisal requested by the prospective lessee, licensee, or tenant; provided that the appraisal shall be conducted by one or more disinterested qualified appraisers whose services shall be contracted for by the board; provided further that the cost of the appraisal and any further appraisals, if necessary, shall be borne by the prospective lessee, licensee, or tenant;

(7) By itself, or in partnership with qualified persons, acquire, construct, reconstruct, rehabilitate, improve, alter, or repair any infrastructure or accessory facilities in connection with any project; own, hold, sell, assign, transfer, convey, exchange, lease, or otherwise dispose of, or encumber any project;

(8) In cooperation with the department of agriculture and biosecurity, pursuant to chapter 167, or otherwise through direct investment or coventure with a professional investor or enterprise or any other person, or otherwise, to acquire, construct, operate, and maintain water facilities for conveying, distributing, and transmitting water for irrigation and agricultural uses at rates or charges determined by the corporation; provided that:

(A) This chapter shall not be construed to permit or allow the department of agriculture and biosecurity or any agribusiness development corporation to:

(i) Amend or modify rights or entitlements to water as provided for by article XI, section 7, of the Constitution of the State of Hawaii, or the Hawaiian Homes Commission Act, 1920, as amended, and chapter 168;

(ii) Diminish or abridge the traditional and customary rights of ahupua‘a tenants who

inhabited the Hawaiian Islands [~~prior to~~] before 1778 under sections 1-1 and 7-1; and

(iii) Impair, abridge, or terminate the legal rights or interests to water and its uses, whether by lease, easement, or other means, [~~which~~] that are possessed or held by organizations whose primary purpose is to benefit people of Hawaiian ancestry; and

(B) All usage of water shall be in accordance with chapter 174C and other applicable laws in the State;

(9) Receive, examine, and determine the acceptability of applications of qualified persons for allowances or grants for the development of new crops and agricultural products, the expansion of established agricultural enterprises, and the altering of existing agricultural enterprises;

(10) Coordinate its activities with any federal or state farm credit programs;

(11) Grant options to purchase any project or to renew any lease entered into by it in connection with any of its

projects, on the terms and conditions it deems advisable;

(12) Provide advisory, consultative, training, and educational services, technical assistance, and advice to any person, partnership, or corporation, either public or private, in order to carry out the purposes of this chapter, and engage the services of consultants on a contractual basis for rendering professional and technical assistance and advice;

(13) Procure insurance against any loss in connection with its property and other assets and operations in [~~such~~] amounts and from [~~such~~] insurers as it deems desirable;

(14) Accept gifts or grants in any form from any public agency or any other source; and

(15) Do all things necessary or proper to carry out the purposes of this chapter."

SECTION 2. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

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

SECTION 4. This Act shall take effect on July 1, 2050.

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Report Title:
ADC; Lease; License; Rental; DOE; Market Rate

Description:
Requires payments to the Agribusiness Development Corporation for letting, licensing, or renting of its properties to be at market rates or higher. Exempts lessees, licensees, and tenants who grow, raise, and harvest fresh local agricultural products for the Department of Education or are partner members of the Food and Product Innovation Network. Effective 7/1/2050. (SD1)

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