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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 State is  
2 obligated to meet its mandate to conserve agricultural land  
3 pursuant to article XI, section 3, of the Hawaii State  
4 Constitution, which requires the State to conserve and protect  
5 agricultural lands, promote diversified agriculture, increase  
6 agricultural self-sufficiency, and assure the availability of  
7 agriculturally suitable lands. The legislature further finds  
8 that the State must take a more active role in providing  
9 assistance to promote farming as a business.

10           The legislature further finds that over the past four  
11 decades, there has been a steady decline of agricultural  
12 plantations in Hawaii. A report issued by the department of  
13 agriculture, entitled "Statewide Agricultural Land Use Baseline  
14 2015" (report), shows a dramatic change in agricultural land  
15 over the last thirty-five years as sugar and pineapple  
16 production have downsized. According to the report, in 2015,  
17 Hawaii had approximately 151,830 acres of agricultural land in



1 active crop production and 761,430 acres in pasture use,  
2 compared to approximately 350,830 acres in cropland and  
3 1,100,000 acres in pasture use in 1980.

4 The legislature further finds that large tracts of  
5 agricultural land identified by the office of planning are now  
6 fallow, including those formerly used for pineapple and sugar  
7 cane. These lands provide a unique opportunity for the State to  
8 fulfill the intent of the constitutional mandate regarding  
9 diversified agriculture and agricultural self-sufficiency  
10 through acquisition of suitable agricultural land for long-term  
11 leases for diversified and bona fide agricultural operations  
12 that increase agricultural production.

13 A separate report by the office of planning, in cooperation  
14 with the department of agriculture, entitled "Increased Food  
15 Security and Food Self-Sufficiency Strategy", recommends that  
16 the State acquire and manage agricultural lands to strengthen  
17 the local food system.

18 The legislature further finds that attempts to stimulate  
19 diversified agriculture in the private sector through regulatory  
20 controls and land use and zoning restrictions are not sufficient  
21 to address the business needs necessary to effectively and



1 significantly increase diversified agriculture and avert  
2 Hawaii's agricultural self-sufficiency crisis. Furthermore,  
3 programs to preserve the remaining agricultural lands, such as  
4 important agricultural lands, do not prevent subdivision or  
5 condominium property regimes.

6 The legislature further finds that the governor has  
7 committed to double Hawaii's food production by 2020. To  
8 accomplish that objective, the governor aims to make more land  
9 available for agriculture as a priority.

10 The purpose of this Act is to:

11 (1) Establish the agricultural land acquisition fund for  
12 the acquisition, administration, maintenance, and  
13 management of agricultural lands and irrigation  
14 systems to improve food security; and

15 (2) Make appropriations into and out of the agricultural  
16 land acquisition fund.

17 SECTION 2. Chapter 163D, Hawaii Revised Statutes, is  
18 amended by adding a new section to part I to be appropriately  
19 designated and to read as follows:

20 "§163D- Agricultural land acquisition fund. (a) There  
21 is established within the state treasury the agricultural land



1 acquisition fund to be administered by the corporation and into  
2 which shall be deposited:

3 (1) Legislative appropriations;

4 (2) Environmental response, energy, and food security tax  
5 revenues pursuant to section 243-3.5; and

6 (3) Other sources, including gifts, donations, and grants  
7 from public agencies and private persons or entities.

8 (b) Moneys in the agricultural land acquisition fund shall  
9 be expended for the acquisition, administration, maintenance,  
10 and management of agricultural lands and irrigation systems to  
11 improve food security."

12 SECTION 3. Section 243-3.5, Hawaii Revised Statutes, is  
13 amended by amending subsection (a) and (b) to read as follows:

14 "(a) In addition to any other taxes provided by law,  
15 subject to the exemptions set forth in section 243-7, there is  
16 hereby imposed a state environmental response, energy, and food  
17 security tax on each barrel or fractional part of a barrel of  
18 petroleum product sold by a distributor to any retail dealer or  
19 end user of petroleum product, other than a refiner. The tax  
20 shall be \$1.05 on each barrel or fractional part of a barrel of



1 petroleum product that is not aviation fuel; provided that of  
2 the tax collected pursuant to this subsection:

3 (1) 5 cents of the tax on each barrel shall be deposited  
4 into the environmental response revolving fund  
5 established under section 128D-2;

6 (2) 15 cents of the tax on each barrel shall be deposited  
7 into the energy security special fund established  
8 under section 201-12.8;

9 (3) 10 cents of the tax on each barrel shall be deposited  
10 into the energy systems development special fund  
11 established under section 304A-2169.1; ~~and~~

12 (4) 15 cents of the tax on each barrel shall be deposited  
13 into the agricultural development and food security  
14 special fund established under section 141-10[-]; and

15 (5)       cents of the tax on each barrel shall be  
16 deposited into the agricultural land acquisition fund  
17 established under section 163D-      .

18 The tax imposed by this subsection shall be paid by the  
19 distributor of the petroleum product.

20 (b) In addition to subsection (a), the tax shall also be  
21 imposed on each one million British thermal units of fossil fuel



1 sold by a distributor to any retail dealer or end user, other  
2 than a refiner, of fossil fuel. The tax shall be 19 cents on  
3 each one million British thermal units of fossil fuel; provided  
4 that of the tax collected pursuant to this subsection:

- 5 (1) 4.8 per cent of the tax on each one million British  
6 thermal units shall be deposited into the  
7 environmental response revolving fund established  
8 under section 128D-2;
- 9 (2) 14.3 per cent of the tax on each one million British  
10 thermal units shall be deposited into the energy  
11 security special fund established under section 201-  
12 12.8;
- 13 (3) 9.5 per cent of the tax on each one million British  
14 thermal units shall be deposited into the energy  
15 systems development special fund established under  
16 section 304A-2169.1; ~~and~~
- 17 (4) 14.3 per cent of the tax on each one million British  
18 thermal units shall be deposited into the agricultural  
19 development and food security special fund established  
20 under section 141-10[-]; and



1       (5)                 per cent of the tax on each one million British  
2               thermal units shall be deposited into the agricultural  
3               land acquisition fund established under section  
4               163D-      .

5               The tax imposed by this subsection shall be paid by the  
6       distributor of the fossil fuel."

7               SECTION 4. There is appropriated out of the general  
8       revenues of the State of Hawaii the sum of \$                or so much  
9       thereof as may be necessary for fiscal year 2018-2019 for  
10       deposit into the agricultural land acquisition fund established  
11       under section 163D-       , Hawaii Revised Statutes.

12              SECTION 5. There is appropriated out of the agricultural  
13       land acquisition fund the sum of \$                or so much thereof as  
14       may be necessary for fiscal year 2018-2019 for the acquisition,  
15       administration, maintenance, and management of agricultural  
16       lands and irrigation systems to improve food security.

17              The sum appropriated shall be expended by the agribusiness  
18       development corporation for the purposes of this Act.

19              SECTION 6. Statutory material to be repealed is bracketed  
20       and stricken. New statutory material is underscored.

21              SECTION 7. This Act shall take effect on July 1, 2050.



**Report Title:**

Agriculture; Food Security; Agricultural Land Acquisition Fund; Appropriation

**Description:**

Establishes the agricultural land acquisition fund to provide funding for the acquisition, administration, maintenance, and management of agricultural lands and irrigation systems to improve food security. Specifies sources of deposits into the fund. Appropriates moneys. Effective 7/1/2050. (SD1)

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