SECTION 1. The legislature finds that Act 264, Session Laws of Hawaii 1994, created the agribusiness development corporation to facilitate and provide direction for the transition of Hawaii's agriculture industry from being predominantly based on the sugar and pineapple industries to one of diversified agriculture.

The legislature further finds that investing in sustainable agriculture remains a top priority for the State, which has set a goal of doubling local agricultural production by the year 2020. The agribusiness development corporation could assist in increasing food sustainability for Hawaii if resources are significantly devoted to developing crops for local food consumption.

The purpose of this Act is to improve food sustainability by:
(1) Requiring that at least fifty per cent of crops developed by the agribusiness development corporation be distributed to local markets;

(2) Requiring that at least fifty per cent of lands managed by the agribusiness development corporation be leased for operations that support local food production;

(3) Specifying that annual reporting requirements for the agribusiness development corporation include greater detail about lands managed and leased by the corporation; and

(4) Requiring the auditor to conduct a performance audit of the agribusiness development corporation.

SECTION 2. Section 163D-2, Hawaii Revised Statutes, is amended by amending the definition of "enterprise" to read as follows:

"Enterprise" means a business with its principal place of business in Hawaii, which is, or proposes to be, engaged in agricultural crop development, development of new value-added products, enhancement of existing agricultural commodities, and the application of existing agricultural appurtenant facilities
to productive uses; provided that [the majority] at least fifty
per cent of whatever the corporation produces shall be [produced
for export] distributed to local markets."

SECTION 3. Section 163D-4, Hawaii Revised Statutes, is
amended by amending subsection (b) to read as follows:
"(b) The corporation shall develop, promote, assist, and
market export crops and other crops for local markets[;]
provided that at least fifty per cent of the crops developed by
the corporation shall be distributed to local markets."

SECTION 4. Section 163D-15.6, Hawaii Revised Statutes, is
amended to read as follows:
"§163D-15.6 Commitment and preservation of agricultural
leases. (a) The [agribusiness development] corporation shall
work toward obtaining commitments from landowners in the leeward
and central districts of Oahu that their agricultural leases
shall be for a duration of twenty or more years and shall not be
amended or revoked to allow for a nonagricultural use of the
land; provided that for lands in central Oahu acquired under Act
234, Session Laws of Hawaii 2008, the agricultural leases shall
be for no more than fifty-five years.
(b) To further ensure the preservation of agriculture in the leeward and central districts of Oahu, the [agribusiness development] corporation shall monitor the agricultural leases of lands using the water from the Waiahole water system. In the event of any proposed amendment or revocation of any lease, the corporation shall do all things within its powers under this chapter to protect and defend the interests of the agricultural leaseholders to ensure the continuation of agricultural use for those lands.

(c) Beginning on January 1, 2020, the corporation shall lease each year a minimum of fifty per cent of lands managed by the corporation to operations that support local food production and whose primary business is local food production. This subsection shall apply to all licenses and lease renewals.

(d) For the purpose of this section, "local food production" means crops, livestock, poultry, and other foods that are grown and raised in Hawaii at least in part for direct consumption by Hawaii residents."

SECTION 5. Section 163D-19, Hawaii Revised Statutes, is amended to read as follows:
Annual report. (a) The corporation shall submit to the governor and the legislature, no later than twenty days prior to the convening of each regular session, a complete and detailed report of its plans and activities.

(b) The following information shall be included in the annual report and shall be posted on the corporation's website:

1. The number of lots the corporation leased or used by size and by island;
2. The number of lots by island the corporation leased or used that contain protocols and conditions supporting specialty farm products;
3. The number of vacant parcels and unoccupied parcels in the leasing process by island, including the parcel size, location, and date the parcel was last occupied by a tenant; and
4. A description of any lease sales or transfers approved by the corporation, including:
   (A) A description of the type of farm products produced by the transferring lessee and the farm products to be produced by the accepting lessee on the leased lands; and
(B) The date and description of the transferring lessee's last lease approved by the corporation."

SECTION 6. (a) The agribusiness development corporation shall establish a sustainable agriculture and local food production plan and begin implementing the plan within twelve months from the effective date of this Act. The plan shall include consultation with stakeholders experienced in sustainable agricultural practices and shall also include provisions that encourage partnerships with county governments. The plan shall give preference to locally owned and operated agricultural operations.

(b) The agribusiness development corporation shall submit the sustainable agriculture and local food production plan to the legislature no later than twenty days prior to the convening of the regular session of 2020.

SECTION 7. The auditor shall conduct a performance audit of the agribusiness development corporation that is established under chapter 163D, Hawaii Revised Statutes; provided that as part of the performance audit, the auditor shall evaluate:
(1) The effectiveness of the agribusiness development corporation in advancing food sustainability and local agricultural production;

(2) The impact of the agribusiness development corporation on small-scale farming operations, including opportunities for including small-scale farmers in increasing local sustainable agricultural production;

(3) The fiscal responsibility of the agribusiness development corporation, including the corporation's land and lease management operations; and

(4) The extent to which the agribusiness development corporation includes community engagement in planning and implementing agricultural initiatives, including land acquisition and development.

The auditor shall submit a report of findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2020.

SECTION 8. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.
SECTION 9. This Act shall take effect upon its approval.

INTRODUCED BY:

Amy Pannaci

Tru Wilhite

[Signatures]

JAN 23 2019
Report Title:
Agribusiness Development Corporation; Audit; Reporting Requirements

Description:
Requires at least fifty percent of crops developed by Agribusiness Development Corporation (ADC) to be distributed to local markets, and requires at least fifty percent of lands managed by ADC to be leased for operations that support local food production. Specifies ADC annual reporting requirements and requires an audit of ADC.

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