A BILL FOR AN ACT

RELATING TO THE COMMUNITY-BASED ECONOMIC DEVELOPMENT ADVISORY COUNCIL.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAI'I:

SECTION 1. The legislature finds that private for-profit start-up agricultural businesses encounter many impediments in acquiring financial assistance for infrastructure including fences, water delivery systems, access roads, equipment, and agriculture buildings.

The legislature further finds that the community-based economic development advisory council, within the department of business, economic development, and tourism, is best suited to evaluate the available means and barriers to obtain loans and grants to fund infrastructure projects for private for-profit start-up agricultural businesses. The department of business, economic development, and tourism works with federal agencies, counties, and other state agencies to assist in the development of agriculture in Hawaii.

According to the 2018 Community Business Economic Development Program Annual Report, the community business
economic development revolving fund program continued its partnership with the department of agriculture's micro-loan program. In addition, in fiscal year 2018, the community-based economic development technical and financial assistance program provided business training and informational workshops that assisted many community-based organizations, cooperatives, and small businesses, including the co-sponsorship of the annual Hawaii Small Business Fair, sponsorship of the Native Hawaiian Small Business Resources Fair held in conjunction with the Council for Native Hawaiian Advancement's annual convention, and other outreach initiatives on all the major islands.

The legislature further finds that because start-ups are not established businesses with a financial track record, access to funds for infrastructure projects poses a major impediment to their development and economic growth.

The legislature further finds that it is time to evaluate how the State can assist private for-profit start-up agricultural businesses in funding their infrastructure projects.

The purpose of this Act is to direct the community-based economic development advisory council to evaluate the available
means and barriers to accessing funding sources by private for-
profit start-up agricultural businesses to finance their
infrastructure projects.

SECTION 2. (a) The community-based economic development
advisory council shall retain professional research and analysis
services to evaluate the means and barriers to accessing funding
sources by private for-profit start-up agricultural businesses
to finance their infrastructure projects. The council shall
have oversight over the evaluation process.

(b) The evaluation shall include:

(1) An analysis by the community-based economic
development advisory council of the definitions of "small business" in Hawaii according to the federal
Small Business Administration, Hawaii Revised
Statutes, and county ordinances and the impact of these definitions, if any, on the acquisition of funds
for infrastructure projects;

(2) An analysis of the current requirements and qualifications, and their impact, for loans and grants
to private for-profit start-up agricultural businesses
for the purpose of financing infrastructure projects;
An analysis of current incentives for lenders, such as tax credits, and of potential economically feasible incentives including a tax credit that:

(A) May be transferred or sold;

(B) May be awarded to a private, for-profit, startup agricultural business organized as any form of business entity;

(C) Shall be available only to a taxpayer practicing farming and not to a taxpayer that is an owner of real property that does not itself practice farming;

(D) Considers the size of the farming operation based on annual revenues, property size, intensity of farming activity, and other relevant characteristics; and

(E) Includes a certification process and technical requirements to determine whether a taxpayer practices farming;

Research on the inequalities in the allocation of available funds, such as urban farming versus rural farming. The research shall also include an
assessment of the effectiveness and relevancy of
specifying agricultural competence as a condition to
qualify for infrastructure financing;
(5) Critical policy language that recognizes and
acknowledges the situation encountered by private for-
profit start-up agricultural businesses in financing
infrastructure projects; and
(6) Any other matters relevant to the purposes of this
Act.
(c) For purposes of this Act, "infrastructure" means
agriculturally related fences, water delivery systems, access
roads, equipment, and buildings. "Infrastructure" shall not
include housing or the purchasing or leasing of land.
SECTION 3. The community-based economic development
advisory council shall report its findings and recommendation,
including proposed legislation, based on the evaluation
conducted by the professional research and analysis services
retained by the council, to the legislature. A preliminary
report on the progress of the evaluation shall be submitted to
the legislature no later than thirty days prior to the convening
of the regular session of 2020 and a final report shall be submitted by June 30, 2020.

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of $60,000 or so much thereof as may be necessary for fiscal year 2019-2020 for professional research and analysis services to perform the evaluation pursuant to section 2 of this Act.

The sum appropriated shall be expended by the department of business, economic development, and tourism for the purposes of this Act.

SECTION 5. This Act shall take effect on July 1, 2019.

INTRODUCED BY:  

JAN 24 2019
Report Title:
Agricultural Businesses; Infrastructure; Study; Appropriation

Description:
Requires the Community-Based Economic Development Advisory Council to retain and oversee professional research and analysis services for the evaluation of the means or barriers for private for-profit start-up agricultural businesses to acquire funds for agriculture infrastructure projects.

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