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1 safety standards, the department of agriculture has found it
2 needs to support the growth of diversified agriculture by
3 encouraging agricultural enterprises on the department of
4 agriculture's state lands through activities including planning,
5 designing, constructing, operating, and managing agricultural
6 enterprises to ensure the economic viability of agricultural
7 operations, as well as allowing lessees to do the
8 same. Therefore, the legislature finds that it is in the
9 State's best interests to promote and support diversified
10 agriculture and increase agricultural self-sufficiency by
11 establishing an agricultural enterprise program within the
12 department of agriculture, for purposes and in a manner
13 consistent with article XI, section 3, of the state
14 constitution.

15 The purpose of this chapter is to establish
16 the agricultural enterprise program within the department of
17 agriculture to allow the department or a lessee to plan, design,
18 construct, operate, manage, maintain, repair, demolish, and
19 remove facilities on any lands over which the department has
20 jurisdiction, to support and promote agriculture, and to accept
21 the transfer of any lands that will support an agricultural

1 purpose from the department of land and natural resources and to
2 operate or manage those resources.

3 § -2 Definitions. As used in this chapter, unless the
4 context otherwise requires:

5 "Agricultural activities" means the care and production of
6 livestock; livestock products; poultry; poultry products;
7 apiary, horticultural, and floricultural products; the planting,
8 cultivating, and harvesting of crops or trees; and any other
9 activity that can demonstrate a tie to agriculture.

10 "Agricultural enterprise" means an activity directly and
11 primarily supporting the production and sale of Hawaii
12 agriculture.

13 "Agricultural enterprise lands" means agricultural lands
14 that are not designated as agricultural parks or non-
15 agricultural parks pursuant to chapter 166 or 166E,
16 respectively.

17 "Aquacultural activities" means the farming or ranching of
18 any plant or animal species in a controlled salt, brackish, or
19 freshwater environment; provided that the farm or ranch is on or
20 directly adjacent to land.

21 "Board" means the board of agriculture.

22 "Department" means the department of agriculture.

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1 "Lessee" means a lessee under a lease issued by or
2 transferred to the department, or any tenant, licensee, grantee,
3 assignee, or other person authorized to conduct an agricultural
4 enterprise by the board or department.

5 **§ -3 Department's powers in general; agricultural**
6 **enterprises.** To support and promote agriculture, the department
7 may:

8 (1) Plan, design, construct, operate, manage, maintain,
9 repair, demolish, and remove facilities on any lands
10 under the jurisdiction of the department;

11 (2) Permit a lessee to plan, design, construct, operate,
12 manage, maintain, repair, demolish, and remove
13 facilities on any lands under the jurisdiction of the
14 department; and

15 (3) Upon mutual agreement and approval by the board and
16 the board of land and natural resources, accept the
17 transfer of and manage qualifying agricultural
18 enterprises and agricultural enterprise lands from the
19 department of land and natural resources.

20 **§ -4 Transfer and management of agricultural enterprise**
21 **lands and agricultural enterprises; agricultural enterprise**

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1 program. (a) Upon mutual agreement and approval by the board
2 and the board of land and natural resources:

3 (1) The department may accept the transfer of and manage
4 certain qualifying agricultural enterprise lands and
5 agricultural enterprises from the department of land
6 and natural resources; and

7 (2) Certain assets, including position counts, related to
8 the management of existing encumbered and unencumbered
9 agricultural enterprise lands and agricultural
10 enterprises and related facilities shall be
11 transferred to the department.

12 (b) The department shall administer an agricultural
13 enterprise program to manage the transferred agricultural
14 enterprise lands and agricultural enterprises under rules
15 adopted by the board pursuant to chapter 91. The program and
16 its rules shall be separate and distinct from the respective
17 programs and rules for agricultural parks and non-agricultural
18 parks. Agricultural enterprise lands and agricultural
19 enterprises shall not be the same as, and shall not be selected
20 or managed as, lands under agricultural park or non-agricultural
21 park leases. Notwithstanding any other law to the contrary, the
22 agricultural enterprise program shall include the following

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1 conditions pertaining to the transfer of encumbered or
2 unencumbered agricultural enterprise lands and agricultural
3 enterprises:

4 (1) As of the time of transfer:

5 (A) The lessee or permittee shall be in full
6 compliance with the existing lease or permit;

7 (B) The lessee or permittee shall not be in arrears
8 in the payment of taxes, rents, or other
9 obligations owed to the State or any county; and

10 (C) The lessee's or permittee's agricultural
11 operation shall be economically viable as
12 determined by the board;

13 (2) No encumbered or unencumbered agricultural enterprise
14 lands and agricultural enterprises with soils
15 classified by the land study bureau's detailed land
16 classification as overall (master) productivity rating
17 class A or B shall be transferred for the use or
18 development of golf courses, golf driving ranges, or
19 country clubs; and

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1 (3) The transfer of agricultural enterprise lands and
2 agricultural enterprises shall be done in a manner to
3 be determined by the board.

4 (c) For any encumbered or unencumbered agricultural
5 enterprise lands and agricultural enterprises transferred to the
6 department that are not being utilized or required for the
7 public purpose stated in the executive order, the order setting
8 aside the lands shall be withdrawn and the lands shall be
9 returned to the department of land and natural resources.

10 § -5 **Conversion of qualified and encumbered other**
11 **agricultural lands.** The department shall establish criteria and
12 rules pursuant to chapter 91, and subject to approval by the
13 board, may convert qualified and encumbered agricultural
14 enterprise lands and agricultural enterprises to department
15 leases or other forms of encumbrance.

16 § -6 **Extension of qualified and encumbered agricultural**
17 **enterprise lands and agricultural enterprises.** Notwithstanding
18 chapter 171, the board shall establish criteria and rules to
19 allow the cancellation, renegotiation, and extension of
20 transferred encumbrances by the department. Notwithstanding any
21 law to the contrary, qualified and encumbered agricultural
22 enterprise lands and agricultural enterprises transferred to the

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1 department shall not have the respective length of term of the
2 lease or rents reduced over the remaining fixed term of the
3 applicable encumbrances.

4 **§ -7 Rules.** The board shall adopt rules pursuant to
5 chapter 91, including eligibility requirements for each
6 disposition and applicant qualification, to effectuate the
7 purposes of this chapter.

8 **§ -8 Agricultural enterprise special fund;**
9 **established.** (a) There is established in the state treasury
10 the agricultural enterprise special fund to be administered by
11 the department, into which shall be deposited:

- 12 (1) Legislative appropriations to the fund; and
13 (2) All lease rent, fees, penalties, and any other revenue
14 or funds collected from agricultural enterprise lands
15 and agricultural enterprises, together with the
16 revenue or funds collected from agricultural
17 enterprise lands and agricultural enterprises that are
18 transferred, or in the process of being transferred,
19 to the department under this chapter.

20 (b) Moneys in the special fund shall be used for planning,
21 designing, constructing, operating, maintaining, managing,

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1 repairing, demolishing, and removing agricultural enterprise
2 lands and agricultural enterprises under this chapter.

3 **§ -9 Disposition.** (a) Notwithstanding any provision of
4 this chapter and chapter 171 to the contrary, the department may
5 dispose of the following by negotiation, drawing of lots,
6 conversion, or public auction:

7 (1) Public lands and related enterprises set aside and
8 designated for use pursuant to this chapter; and

9 (2) Other lands and enterprises under the jurisdiction of
10 the department pursuant to section -10.

11 Except as provided by subsection (d), the department shall
12 dispose of public lands by lease.

13 (b) In all dispositions, the department shall be subject
14 to the requirements set forth in rules adopted by the board
15 consistent with section -7 and subject to the following:

16 (1) All land and enterprises shall be disposed of for
17 purposes of supporting or promoting agricultural or
18 aquacultural activities;

19 (2) Each lessee shall derive a major portion of the
20 lessee's total annual income earned from the lessee's
21 activities on the premises; provided that this
22 restriction shall not apply if:

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- 1 (A) Failure to meet the restriction results from
2 mental or physical disability or the loss of a
3 spouse; or
- 4 (B) The premises are fully used to support or promote
5 the agricultural or aquacultural activity for
6 which the disposition was granted;
- 7 (3) The lessee shall comply with all federal and state
8 laws regarding environmental quality control;
- 9 (4) The board shall:
- 10 (A) Determine the specific uses for which the
11 disposition is intended;
- 12 (B) Parcel the land into minimum size economic units
13 sufficient for the intended uses;
- 14 (C) Make, or require the lessee to make, improvements
15 that are necessary to achieve the intended uses;
- 16 (D) Set the upset price or lease rent based upon an
17 appraised evaluation of the property value,
18 adjustable to the specified use of the lot;
- 19 (E) Set the term of the lease, which shall be no less
20 than fifteen years nor more than sixty-five

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1 years, including any extension granted for
2 mortgage lending or guarantee purposes; and
3 (F) Establish other terms and conditions it deems
4 necessary, including restrictions against
5 alienation and provisions for withdrawal by the
6 board; and

7 (5) Any transferee, assignee, or sublessee of an
8 agricultural enterprise lease shall first qualify as
9 an applicant under this chapter. For the purpose of
10 this paragraph, any transfer, assignment, sale, or
11 other disposition of any interest, excluding a
12 security interest, by any legal entity that holds an
13 agricultural enterprise lease shall be treated as a
14 transfer of the agricultural enterprise lease and
15 shall be subject to the approval of the board and to
16 reasonable terms and conditions, consistent with this
17 chapter and rules adopted pursuant to this
18 chapter. No transfer shall be approved by the board
19 if the disposition of the stock or assets or other
20 interest of the legal entity would result in the

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1 failure of the entity to qualify for an agricultural
2 enterprise lease.

3 (c) After notice of the breach or default as provided in
4 rules adopted by the board consistent with section -7, a
5 violation of any provision in this section shall be cause for
6 the board to cancel the lease and take possession of the land,
7 or take other action as the board, in its sole discretion, deems
8 appropriate.

9 (d) The board may issue easements, licenses, permits, and
10 rights-of-entry for uses that are consistent with the purposes
11 for which the lands were set aside or are otherwise subject to
12 the authority of the department pursuant to section -10.

13 **§ -10 Authority to plan, design, develop, and manage**
14 **agricultural enterprise lands and agricultural enterprises.** The
15 department, or its lessees subject to the department's approval,
16 may plan, design, develop, and manage agricultural enterprise
17 lands and agricultural enterprises on:

18 (1) Public lands set aside by executive order pursuant to
19 section 171-11 for use as agricultural enterprise
20 lands and agricultural enterprises;

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1 (2) Other lands with the approval of the board that may be
2 subject to a joint venture partnership agreement
3 pursuant to section -11; and

4 (3) Lands acquired by the department by way of
5 foreclosure, voluntary surrender, or otherwise
6 pursuant to section 155-4(11).

7 **§ -11 Agricultural enterprise lands and agricultural**
8 **enterprise development.** On behalf of the State or in
9 partnership with a federal agency, a county, or a private party,
10 the department may develop agricultural enterprise lands and
11 agricultural enterprises.

12 **§ -12 Lease negotiation.** (a) The department may
13 negotiate and enter into leases with any person who:

14 (1) Holds a revocable permit for agricultural purposes;

15 (2) Has formerly held an agricultural lease or a holdover
16 lease of public land that expired within the last ten
17 years and has continued to occupy the land; or

18 (3) Is determined by the department to have a beneficial
19 impact on agriculture.

20 (b) Lands eligible for lease negotiations under this
21 section are limited to lands that are:

22 (1) Determined to have a nexus for agricultural purposes;

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1 (2) Set aside for agricultural or agricultural-related
2 uses only, by the governor through an executive order,
3 to the department; and

4 (3) Not needed by any state or county agency for any other
5 public purpose.

6 (c) In negotiating and executing a lease as authorized,
7 the board shall:

8 (1) Require the appraisal of the parcel using the Uniform
9 Standards of Professional Appraisal Practice to
10 determine the rental, including percentage rent;

11 (2) Require the payment of a premium, computed as twenty-
12 five per cent of the annual lease rent, with the
13 premium to be added to the annual lease rent for each
14 year of the lease equal to the number of years the
15 lessee has occupied the land; provided that the
16 premium period shall not exceed seven years; and

17 (3) Recover from the lessee the costs of expenditures
18 required by the department to convert the parcel into
19 leasehold. The department shall notify in writing
20 those eligible for lease negotiations under this
21 section and shall inform the applicants of the terms,
22 conditions, and restrictions provided by this

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1 section. Any eligible person may apply for a lease by
2 submitting a written application to the department
3 within thirty days from the date of receipt of
4 notification; provided that the department may require
5 documentary proof from any applicant to determine that
6 the applicant meets eligibility and qualification
7 requirements for a lease.

8 § -13 Policy. Notwithstanding chapter 171, disposition
9 of lands set aside for use pursuant to this chapter shall not be
10 subject to the prior approval of the board of land and natural
11 resources.

12 § -14 Rights of holders of security interests.

13 (a) Prior board action shall be required when an institutional
14 lender acquires the lessee's interest through a foreclosure
15 sale, judicial or nonjudicial, or by way of assignment in lieu
16 of foreclosure, or when the institutional lender sells or causes
17 the sale of the lessee's interest in a lease by way of a
18 foreclosure sale, judicial or nonjudicial. The institutional
19 lender shall convey a copy of the sale or assignment as recorded
20 in the bureau of conveyances.

21 (b) Notwithstanding any other provision of this chapter,
22 if any lease is subject to a security interest held by an

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1 institutional lender and if the institutional lender has given
2 to the board a copy of the encumbrance as recorded in the bureau
3 of conveyances:

4 (1) If the lease is canceled for violation of any non-
5 monetary lease term or condition, or if the lease is
6 deemed terminated or rejected under bankruptcy laws,
7 the institutional lender shall be entitled to issuance
8 of a new lease in its name for a term equal to the
9 term of the lease remaining immediately prior to the
10 cancellation, termination, or rejection, with all
11 terms and conditions being the same as in the
12 canceled, terminated, or rejected lease, except only
13 for the liens, claims, and encumbrances, if any, that
14 were superior to the institutional lender before the
15 cancellation, termination, or rejection. If a lease
16 is rejected or deemed rejected under bankruptcy law,
17 the lease shall be deemed canceled and terminated for
18 all purposes under state law;

19 (2) If the lessee's interest under a lease is transferred
20 to an institutional lender, including by reason of
21 paragraph (1), by reason of acquisition of the
22 lessee's interest pursuant to a foreclosure sale,

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1 judicial or nonjudicial, and by reason of an
2 assignment in lieu of foreclosure:

3 (A) The institutional lender shall be liable for the
4 obligations of the lessee under the lease for the
5 period of time during which the institutional
6 lender is the holder of the lessee's interest but
7 shall not be liable for any obligations of the
8 lessee arising after the institutional lender has
9 assigned the lease; and

10 (B) Section -9(b)(1) and (2) shall not apply to
11 the lease or the demised land during the time the
12 institutional lender holds the lease; provided
13 that:

14 (i) For non-monetary lease violations, the
15 institutional lender shall first remedy the
16 lease terms that caused the cancellation,
17 termination, or rejection to the
18 satisfaction of the board; and

19 (ii) The new lease issued to the institutional
20 lender shall terminate one hundred twenty
21 days from the effective date of issuance,
22 when the institutional lender shall either

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1 sell or assign the lease, after which date
2 section -9(b)(1) and (2) shall apply to
3 the new lease;

4 (3) If there is a delinquent loan balance secured by a
5 security interest, the lease shall not be canceled or
6 terminated, except for cancellation by reason of
7 default of the lessee, and no increase over and above
8 the fair market rent, based upon the actual use of the
9 land demised and subject to the use restrictions
10 imposed by the lease and applicable laws, shall be
11 imposed or become payable, and no lands shall be
12 withdrawn from the lease, except by eminent domain
13 proceedings beyond the control of the board, except
14 with prior written consent by the institutional lender
15 and that consent shall not be unreasonably withheld;
16 and

17 (4) If the lease contains any provision requiring the
18 payment of a premium to the lessor on assignment of
19 the lease, any premium shall be assessed only after
20 all amounts owing by any debt secured by a security
21 interest held by an institutional lender have been
22 paid in full.

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1 (c) Ownership of both the lease and the security interest
2 by an institutional lender shall not effect or cause a merger
3 thereof, and both interests shall remain distinct and in full
4 force and effect unless the institutional lender elects in
5 writing to merge the estates with the consent of the board.

6 (d) The board may include in any consent form or document
7 provisions consistent with the intent of this section as may be
8 required to make a lease mortgageable or more acceptable for
9 mortgageability by an institutional lender.

10 (e) The rights of a purchaser, assignee, or transferee of
11 an institutional lender's security interest, including a junior
12 lien holder, shall be exercisable by the purchaser, assignee, or
13 transferee as successor in interest to the institutional lender;
14 provided that:

15 (1) The purchase, assignment, or transfer shall conform
16 with subsection (b) (4); and

17 (2) The purchase, assignment, or transfer of such rights
18 shall be reserved for and exercisable only by an
19 institutional lender.

20 Other purchasers shall not be precluded from acquiring the
21 institutional lender's security interest but shall not have

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1 exercisable rights as successor in interest to the original
2 institutional lender.

3 (f) For the purposes of this section:

4 "Institutional lender" means a federal, state, or private
5 lending institution, licensed to do business in the State, that
6 makes loans to qualified applicants on the basis of a lease
7 awarded for security, in whole or in part, together with any
8 other entity that acquires all or substantially all of an
9 institutional lender's loan portfolio.

10 "Makes loans" means lends new money or renews or extends
11 indebtedness owing by a qualified applicant to an institutional
12 lender, after June 30, 2006.

13 "Security interest" means any interest created or perfected
14 by a mortgage, assignment by way of mortgage, or by a financing
15 statement and encumbering a lease, land demised by the lease, or
16 personal property located at, affixed or to be affixed to, or
17 growing or to be grown upon the demised land."

18 SECTION 2. Section 141-1, Hawaii Revised Statutes, is
19 amended to read as follows:

20 "**§141-1 Duties in general.** The department of agriculture
21 shall:

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- 1 (1) Gather, compile, and tabulate, from time to time,
2 information and statistics concerning:
- 3 (A) Entomology and plant pathology: Insects, scales,
4 blights, and diseases injurious or liable to
5 become injurious to trees, plants, or other
6 vegetation, and the ways and means of
7 exterminating pests and diseases already in the
8 State and preventing the introduction of pests
9 and diseases not yet here; and
- 10 (B) General agriculture: Fruits, fibres, and useful
11 or ornamental plants and their introduction,
12 development, care, and manufacture or
13 exportation, with a view to introducing,
14 establishing, and fostering new and valuable
15 plants and industries;
- 16 (2) Encourage and cooperate with the agricultural
17 extension service and agricultural experiment station
18 of the University of Hawaii and all private persons
19 and organizations doing work of an experimental or
20 educational character coming within the scope of the
21 subject matter of chapters 141, 142, and 144 to 150A,

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1 and avoid, as far as practicable, duplicating the work
2 of those persons and organizations;

3 (3) Enter into contracts, cooperative agreements, or other
4 transactions with any person, agency, or organization,
5 public or private, as may be necessary in the conduct
6 of the department's business and on such terms as the
7 department may deem appropriate; provided that the
8 department shall not obligate any funds of the State,
9 except the funds that have been appropriated to the
10 department. Pursuant to cooperative agreement with
11 any authorized federal agency, employees of the
12 cooperative agency may be designated to carry out, on
13 behalf of the State the same as department personnel,
14 specific duties and responsibilities under chapters
15 141, 142, 150A, and rules adopted pursuant to those
16 chapters, for the effective prosecution of pest
17 control and animal disease control and the regulation
18 of import into the State and intrastate movement of
19 regulated articles;

20 (4) Secure copies of the laws of other states,
21 territories, and countries, and other publications
22 germane to the subject matters of chapters 141, 142,

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- 1 and 144 to 150A, and make laws and publications
2 available for public information and consultation;
- 3 (5) Provide buildings, grounds, apparatus, and
4 appurtenances necessary for the examination,
5 quarantine, inspection, and fumigation provided for by
6 chapters 141, 142, and 144 to 150A; for the obtaining,
7 propagation, study, and distribution of beneficial
8 insects, growths, and antidotes for the eradication of
9 insects, blights, scales, or diseases injurious to
10 vegetation of value and for the destruction of
11 injurious vegetation; and for carrying out any other
12 purposes of chapters 141, 142, and 144 to 150A;
- 13 (6) Formulate and recommend to the governor and
14 legislature additional legislation necessary or
15 desirable for carrying out the purposes of chapters
16 141, 142, and 144 to 150A;
- 17 (7) Publish at the end of each year a report of the
18 expenditures and proceedings of the department and of
19 the results achieved by the department, together with
20 other matters germane to chapters 141, 142, and 144 to
21 150A and that the department may deem proper;

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1 (8) Administer a program of agricultural planning and
2 development, including the formulation and
3 implementation of general and special plans, including
4 but not limited to the functional plan for
5 agriculture; administer the planning, development, and
6 management of the agricultural park program; plan,
7 construct, operate, and maintain the state irrigation
8 water systems; plan, design, construct, operate,
9 manage, maintain, repair, demolish, and remove
10 improvements on any lands to which the department has
11 jurisdiction; review, interpret, and make
12 recommendations with respect to public policies and
13 actions relating to agricultural land and water use;
14 assist in research, evaluation, development,
15 enhancement, and expansion of local agricultural
16 industries; and serve as liaison with other public
17 agencies and private organizations for the above
18 purposes. In the foregoing, the department shall act
19 to conserve and protect agricultural lands and
20 irrigation water systems, promote diversified
21 agriculture, increase agricultural self-sufficiency,

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1 and ensure the availability of agriculturally suitable
2 lands; and

3 (9) Manage, administer, and exercise control over any
4 public lands, as defined under section 171-2, over
5 which the department has jurisdiction to support,
6 sustain, or promote agriculture, including
7 specifically without limitation, those lands that are
8 designated important agricultural lands pursuant to
9 section 205-44.5, and including but not limited to
10 establishing priorities for the leasing of these
11 public lands within the department's jurisdiction."

12 SECTION 3. The following positions are established within
13 the agricultural resource management division of the department
14 of agriculture:

15 (1) One full-time equivalent (1.0 FTE) engineer V position
16 (SR26);

17 (2) One full-time equivalent (1.0 FTE) property manager V
18 position (SR24); and

19 (3) One full-time equivalent (1.0 FTE) information
20 technology (Band C) position (SR24).

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1 SECTION 4. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$1,200,000 or so much
3 thereof as may be necessary for fiscal year 2019-2020 to be
4 deposited into the agricultural enterprise special fund. The
5 sum appropriated shall be expended by the department of
6 agriculture.

7 SECTION 5. There is appropriated out of the agricultural
8 enterprise special fund the sum of \$1,200,000 or so much thereof
9 as may be necessary for fiscal year 2019-2020 for the planning,
10 design, construction, operation, management, maintenance,
11 repair, demolition, and removal of infrastructure on lands under
12 the jurisdiction of the department of agriculture to support and
13 promote agriculture, including the following positions within
14 the agricultural resource management division:

- 15 (1) One full-time equivalent (1.0 FTE) engineer V position
16 (SR26);
- 17 (2) One full-time equivalent (1.0 FTE) property manager V
18 position (SR24); and
- 19 (3) One full-time equivalent (1.0 FTE) information
20 technology (Band C) position (SR24).

21 The sum appropriated shall be expended by the department of
22 agriculture for the purposes of this Act.

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1 SECTION 6. New statutory material is underscored.

2 SECTION 7. This Act, upon its approval, shall take effect
3 on July 1, 2019.

4

5

INTRODUCED BY: Wm R. St.

6

BY REQUEST

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Report Title:

Agricultural Enterprises; Agricultural Enterprise Special Fund; Appropriation

Description:

Establishes a new agricultural enterprise program within the department of agriculture to plan, design, construct, operate, manage, maintain, repair, demolish, and remove infrastructure on any lands under the jurisdiction of the department, to support and promote agriculture. Creates three new positions to implement the program. Establishes the agricultural enterprise special fund. Makes an appropriation. Effective 7/1/2019.

JUSTIFICATION SHEET

DEPARTMENT: Agriculture

TITLE: A BILL FOR AN ACT RELATING TO AGRICULTURAL ENTERPRISES.

PURPOSE: Establish an agricultural enterprise program on all lands managed by the Department ("HDOA lands") that allows ancillary and other activities related to and supportive of agriculture, without the restrictive conditions under the existing Agriculture Park (Ag Park) and Non-agricultural Park (Non-Ag Park) programs that only focus on growing organisms. The proposed program recognizes that the business of agriculture is equally as important as the production of crops and organisms. Create three (3) new positions within the Agricultural Resource Management Division to provide sufficient staffing to support the establishment and integration of this program within the Department.

MEANS: Add a new chapter to the Hawaii Revised Statutes and amend section 141-1, Hawaii Revised Statutes.

JUSTIFICATION: The Department's mission statement is to expand Hawaii's agricultural industry to (1) benefit the well-being of our island society through economic diversification; (2) protect its resources for agricultural production; and (3) gain greater self-sufficiency through food and renewable energy production. Under existing statutory authority, while the production of crops and organisms on HDOA are expressly promoted and allowed, it appears to be silent on the allowance of ancillary and other activities that are supportive of and important to the economic viability and success of agriculture. Establishing this program, expressly clarifying that ancillary and other related activities supporting agriculture are encouraged, and providing

sufficient staffing to implement this holistic approach will ensure the Department can fulfill its statewide goals and objectives.

Impact on the public: Provides greater support for efficient and effective processing, storage, transport, and marketing of agricultural products to support the business of agriculture and support for research, education, and promotion of agriculture.

Impact on the department and other agencies: Allows the Department greater flexibility in using HDOA lands for all purposes that promote agricultural diversification, production, and self-sufficiency by supporting all facets of the business of agriculture. Provides the Department with more tools and assets to assist DOE farm to table programs for schools and restaurants, contribute to the Department of Business, Economic Development & Tourism's sustainability goals for renewable energy, incorporate culturally sensitive agricultural programs and practices to support the Department of Hawaiian Home Lands, Office of Hawaiian Affairs and other native Hawaiian organizations, and adopt innovative technologies and processes to ensure the long-term success of agriculture.

GENERAL FUND: \$1,200,000

OTHER FUNDS: \$1,200,000 from the Agricultural Enterprise Special Fund.

PPBS PROGRAM DESIGNATION: AGR141.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: July 1, 2019.