
A BILL FOR AN ACT

RELATING TO AGRICULTURAL FACILITIES.

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

PART I

1
2 SECTION 1. One of the missions of the department of
3 business, economic development, and tourism is to promote
4 industrial development and economic diversification by
5 supporting existing and emerging industries, increasing exports
6 of Hawaii products, and expanding Hawaii's participation in
7 global trade and commerce. The department has prepared a
8 statewide comprehensive economic development strategy. The
9 strategy's report for the island of Hawaii found that, because
10 of the island's strong orientation toward diversified
11 agriculture, development of a central marketing facility for
12 collection, consolidation, packing, and shipping of products
13 continues to be a priority. As a means of achieving this
14 priority, agricultural exporters have expressed interest in
15 utilizing the relatively unused foreign trade zone no. 9 located
16 in Hilo.

17 The legislature also recognizes that agriculture is and has
18 been a major economic driver of the county of Hawaii. To



1 preserve this economic driver and increase its value, the
2 department of business, economic development, and tourism, in
3 collaboration with the department of agriculture, should perform
4 planning, and economic impact and feasibility studies, for one
5 or more facilities on the island of Hawaii for quarantine
6 inspection, quarantine treatment, deconsolidation, and
7 consolidation of agricultural commodities for both import and
8 export.

9 The purpose of this part is to authorize the department of
10 business, economic development, and tourism, in collaboration
11 with the department of agriculture to:

- 12 (1) Perform planning and feasibility studies for one or
13 more quarantine inspection, quarantine treatment,
14 deconsolidation, and consolidation facilities on the
15 island of Hawaii; and
16 (2) Perform a marketing and economic impact analysis for
17 one or more of the facilities.

18 SECTION 2. (a) The department of business, economic
19 development, and tourism, in collaboration with the department
20 of agriculture, is authorized to:

- 21 (1) Perform planning and feasibility studies for one or
22 more quarantine inspection, quarantine treatment,



1 deconsolidation, and consolidation facilities on the
2 island of Hawaii; and

3 (2) Perform a marketing and economic impact analysis for
4 one or more of the facilities.

5 (b) The studies and analysis shall include, in addition to
6 foreign trade zone no. 9 in Hilo, the following alternative
7 locations:

8 (1) The land parcel managed by the department of business,
9 economic development, and tourism currently housing
10 the foreign trade zone neighboring the Hilo
11 International Airport; and

12 (2) On the west side of the island, the Kawaihae harbor
13 area that is proposed for biosecurity facilities by
14 the department of transportation, harbors division.

15 SECTION 3. The department of business, economic
16 development, and tourism shall submit a report to the
17 legislature no later than twenty days prior to the convening of
18 the regular session of 2015 on the status of the planning and
19 feasibility study, and marketing and economic analysis, for one
20 or more facilities on the island of Hawaii to be used for
21 quarantine inspection, quarantine treatment, deconsolidation,
22 and consolidation of incoming and outgoing agricultural

1 commodities. The report shall also contain recommendations and
2 propose necessary legislation, if any, to achieve the purpose of
3 this part.

4 SECTION 4. There is appropriated out of the general
5 revenues of the State of Hawaii the sum of \$ or so
6 much thereof as may be necessary for fiscal year 2014-2015 for
7 planning, marketing, and economic analysis for one or more
8 facilities on the island of Hawaii to be used for quarantine
9 inspection, quarantine treatment, deconsolidation, and
10 consolidation of incoming and outgoing agricultural commodities.

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

14 **PART II**

15 SECTION 5. The Hawaii Revised Statutes is amended by
16 adding a new chapter to be appropriately designated and to read
17 as follows:

18 **"CHAPTER**

19 **AGRICULTURAL FOREIGN-TRADE ZONE**

20 **§ -1 Purpose.** An agricultural foreign-trade zone can
21 assist businesses with warehouse savings, the importing and
22 exporting of resources, manufacturing incentives, and export



1 SECTION 6. The legislature finds that technology
2 applications have greatly assisted farmers with various tasks.
3 These cyber tools monitor irrigation systems, mapping, grazing,
4 pest management, harvest, weather, and fertilizer applications,
5 all in real-time. These sophisticated technologies also have
6 additional benefits in material cost, labor, and fuel savings -
7 the farmer can refer to electronic files rather than driving out
8 to a specific field. Reports show that the technology-savvy
9 farmer is able to speed up the decision making cycle and do the
10 job much more effectively.

11 The legislature further finds that farmers are adopting
12 more technology at a rapid pace. Today's farmers carry either a
13 tablet and smartpone, or both. Such tools digitize information
14 that used to be kept in notebooks; this information can now be
15 stored online in a cloud-based system, where it can be shared
16 instantly with fellow farmers. Moreover, as the federal
17 government moves forward with the FDA Food Safety Modernization
18 Act (P.L. 111-353), technological applications will be needed to
19 assist farmers in tracking crops, including by categories of
20 fields, soil types, and irrigation control.

21 The legislature also finds that as the State's food needs
22 climb, and more farmers set their sights on local food



1 production, the risk-taking experienced by farmers will be even
2 more critical to the State's goal of achieving food
3 sustainability. Agricultural communities, such as Monterey Bay,
4 California, and St. Louis, Missouri, have focused on economic
5 clusters to aid businesses. The clusters used in these regions
6 were focused on agriculture – specifically, an agricultural
7 technology cluster. The purpose of the clusters was to create a
8 hub, sparking innovation and bringing together technology
9 entrepreneurs and farmers to keep the agricultural industry
10 thriving.

11 The legislature additionally finds that Hawaii imports
12 about ninety per cent of its food. Challenges such as drought,
13 selling produce at lower prices to compete with imported
14 products, cost of labor and supplies, and workforce housing have
15 squeezed profits – hampering business growth or even resulting
16 in farmers going out of business. As a result, more farmers are
17 looking to technology entrepreneurs to come up with ways to make
18 the industry more efficient.

19 The legislature further finds that many farmers looking for
20 an additional source of revenue for their farms have implemented
21 elements of agricultural tourism. Agricultural tourism, or
22 agritourism, is a commercial enterprise at a working farm,



1 ranch, agricultural plant, or park conducted for the enjoyment
2 or education of visitors, which generates supplemental income
3 for the owner. Agritourism can include farm stands or shops,
4 tours, on-farm classes, fairs, festivals, pumpkin patches,
5 Christmas tree farms, weddings, orchard dinners, youth camps,
6 and more. Many growers in the country offer agritourism
7 opportunities to the public as a way of improving a farm's
8 visibility and profitability. For example, in California,
9 agritourism serves as a vital strategy for diversifying and
10 boosting profit for a small but significant number of the
11 state's farms. Since 2008, more than 2,400,000 visitors have
12 participated in agritourism at California farms and ranches,
13 with the state's agritourism operations and economic potential
14 expected to continue to grow.

15 The legislature also finds that in 2012, as a way to save
16 an industry, the State purchased and acquired one thousand seven
17 hundred acres of agricultural land from the Galbraith Trust.
18 These lands do not have any infrastructure, storage, or
19 warehouse facilities on them. However, former agricultural and
20 industrial lands nearby do contain and support such activity.
21 These nearby parcels, recently acquired by the State, have
22 infrastructure and warehouses to support food safety, packaging,



1 processing, and storing produce farmed on the nearby lands.
2 Processes and technologies will need to be updated to keep up
3 with federal regulations.

4 The purpose of this part is to establish an agricultural
5 technology park that can bridge the agricultural and technology
6 gap and be used to provide agritourism benefits.

7 SECTION 7. Chapter 206M, Hawaii Revised Statutes, is
8 amended by adding a new part to be appropriately designated and
9 to read as follows:

10 **"PART . AGRICULTURAL TECHNOLOGY PARK**

11 **§206M- Agricultural technology park; established.** There
12 is established an agricultural technology park that shall
13 include properties identified by the following tax map key
14 numbers: 71002004, 71002023, and 71002099. The park shall be
15 administered by the board.

16 **§206M- Objective of the agricultural technology park.**

17 The objective of the agricultural technology park shall be to
18 build relationships and promote collaboration between the
19 agricultural and technology sectors to assist farmers and
20 provide them with tools to succeed in the modern world. The
21 agricultural technology park shall also be used to:



- 1 (1) Establish a strategy for securing investments in
2 agricultural state facilities and providing jobs for
3 rural communities; and
- 4 (2) Support agricultural tourism and provide benefits to
5 agricultural producers within the agricultural
6 technology park, including additional sources of
7 revenue and increased public exposure to agricultural
8 products.

9 **§206M- Guidelines.** (a) The board shall develop the
10 agricultural technology park in consultation with but not
11 limited to the following agencies: Hawaii housing finance and
12 development corporation, department of agriculture, department
13 of education, agribusiness development corporation, and
14 University of Hawaii college of tropical agriculture and human
15 resources.

16 (b) When designing and planning the park, the board and
17 the agencies in subsection (a) may enter into cooperative
18 agreements with coordinating entrepreneurs or public agencies
19 that have the powers, services, and capabilities deemed
20 necessary and appropriate for the development and implementation
21 of the business and agricultural development plans.



1 (c) Planning and design of the park shall comply with
2 community and town master plans and urban design plans."

3 SECTION 8. Section 206M-2, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) There is established the high technology development
6 corporation, which shall be a public body corporate and politic
7 and an instrumentality and agency of the State. The development
8 corporation shall be placed within the department of business,
9 economic development, and tourism for administrative purposes,
10 pursuant to section 26-35. The purpose of the development
11 corporation shall be to facilitate the growth and development of
12 the commercial high technology industry in Hawaii. Its duties
13 shall include, but not be limited to:

14 (1) Developing and encouraging industrial parks as high
15 technology innovation centers and developing or
16 assisting with the development of projects within or
17 outside of industrial parks, including participating
18 with the private sector in such development;

19 (2) Providing financial and other support and services to
20 Hawaii-based high technology companies;

21 (3) Collecting and analyzing information on the state of
22 commercial high technology activity in Hawaii;



- 1 (4) Promoting and marketing Hawaii as a site for
- 2 commercial high technology activity; [~~and~~]
- 3 (5) Providing advice on policy and planning for
- 4 technology-based economic development[~~-~~]; and
- 5 (6) Developing an agricultural technology park pursuant to
- 6 part _____."

7 SECTION 9. There is appropriated out of the general
 8 revenues of the State of Hawaii the sum of \$ _____ or so
 9 much thereof as may be necessary for fiscal year 2014-2015 to
 10 establish an agricultural technology park pursuant to this part.

11 The sum appropriated shall be expended by the high
 12 technology development corporation for the purposes of this
 13 part.

14 **PART IV**

15 SECTION 10. Statutory material to be repealed is bracketed
 16 and stricken. New statutory material is underscored.

17 SECTION 11. This Act shall take effect on July 1, 2014;
 18 provided that parts II and III shall take effect on July 1,
 19 2050.

Report Title:

Agricultural Quarantine Facility; Studies; Agricultural Foreign-trade Zone; High Technology Development Corporation; Agricultural Technology Park; Agritourism; Appropriation

Description:

Part I: Authorizes DBEDT, in collaboration with DOA, to perform studies and analysis relating to establishing facilities on the island of Hawaii for quarantine inspection and treatment and handling incoming and outgoing commodities. Makes an appropriation. Effective July 1, 2014. Part II: Establishes an agricultural foreign-trade zone; specifies boundaries, jurisdiction, and benefits. Effective 07/01/2050. Part III: Creates an agricultural technology park under the high technology development corporation. Designates certain properties to be included in the park. Makes an appropriation. Effective 07/01/2050. (SD1)

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