

Honolulu, Hawaii
Feb 8, 2008

RE: H.B. No. 2292

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committees on Agriculture and Water, Land, Ocean Resources & Hawaiian Affairs, to which was referred H.B. No. 2292 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

beg leave to report as follows:

The purpose of this bill is to improve the operational flexibility of the Agribusiness Development Corporation (ADC) and preserve valuable agricultural lands by, among other things:

- (1) Specifying that the Legislature, through a bill enacted into law, may authorize ADC to acquire agricultural lands for the protection of agricultural lands, public land banking, or promotion of farm ownership and diversified agriculture;
- (2) Specifying that the landowner who agrees to the sale of lands shall receive payment:
 - (A) In a lump sum;
 - (B) From revenues derived from the issuance of revenue bonds by the ADC; or
 - (C) Through an installment purchase agreement;



- (3) Establishing requirements for the use of installment purchase agreements including the purchase of U.S. Treasury zero coupon bonds;
- (4) Authorizing ADC to acquire specific agricultural lands located on Oahu and owned by the Galbraith Estate through a lump sum payment or an installment purchase agreement;
- (5) Authorizing ADC to purchase, accept, and maintain permanent conservation easements, or transfer these easements to qualified land trust in accordance with the federal Natural Resources Conservation Service Farm and Ranch Lands Protection Program; and
- (6) Allowing ADC to contract with certain financial institutions to provide lease management services when leasing ADC-controlled agricultural land.

The Hawaii Farm Bureau Federation, Wahiawa Community and Business Association, The Trust for Public Land, HPC Foods, Ltd., and several concerned individuals supported this bill. ADC, Hawaii Agriculture Research Center, and the Hawaii Egg Producers Association supported the intent of this measure. The Department of Budget and Finance, Bank of Hawaii, and a concerned individual submitted comments.

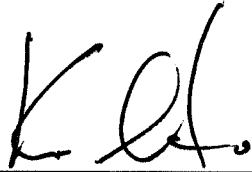
Your Committees find that preserving high-quality agricultural lands for agricultural use is critical to ensuring a viable future for our agricultural industry. This bill represents an important component in the efforts to accomplish this goal. However, your Committees recognize that several issues were raised during the public testimony. Concerns were raised regarding some of the financing mechanisms contained in this measure, including the feasibility of revenue bond financing, as well as ADC's lack of experience with U.S. Treasury zero coupon bonds to be used for installment purchase agreements. General obligation bonds were suggested as an alternative to these financing mechanisms. In addition, issues relating to land ownership by the State, including liability concerns, should continue to be discussed as this bill makes its way through the legislative process.

As affirmed by the records of votes of the members of your Committees on Agriculture and Water, Land, Ocean Resources & Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2292 and

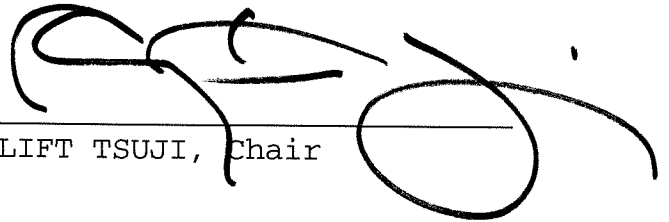


recommend that it pass Second Reading and be referred to the Committee on Finance.

Respectfully submitted on behalf of the members of the Committees on Agriculture and Water, Land, Ocean Resources & Hawaiian Affairs,



KEN ITO, Chair



CLIFT TSUJI, Chair



Record of Votes of the Committee on Agriculture

Bill/Resolution No.: HB2292	Committee Referral: AGR/WLH, FIN	Date: 01/30/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
AGR Members	Ayes	Ayes (WR)	Nays	Excused
1. TSUJI, Clift (C)	/			
2. BROWER, Tom (VC)	/			
3. BERG, Lyla B., Ph.D.	/			
4. CHANG, Jerry L.	/			
5. HANOHANO, Faye P.	/			
6. HERKES, Robert N.	/			
7. MANAHAN, Joey	/			
8. WAKAI, Glenn	/			
9. YAMANE, Ryan I.	/			
10. YAMASHITA, Kyle T.	/			
11. CHING, Corinne W.L.		/		
12. MEYER, Colleen Rose			/	
TOTAL (12)	10	1	1	Ø
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <u>Tom Brower</u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				

