Core requirements for Agribusiness

A. Leases vis-à-vis Ag land use agreements:
The legislature must exempt lessors from the condemnation statutes (which were meant for condo owner occupants), so that those living on their leasehold land cannot sue to convert to fee simple status and force the landowners to sell to them against their will.

This will allow large landowners to lease their lands to farming operators on a long term basis. There are 2 main benefits as follows:
1. Lessees can obtain financing for their operations.
2. Lessees could live on their leasehold property (so long as their leasehold land area meets or exceeds the minimum lot size under the current zoning) - so they can
   a. Protect their crops from vandals and thieves (Ag thievery is rampant in Hawaii), and also to reduce their living expenses (eliminate paying rent or a mortgage in town plus lease rent on the farm)
   b. Obtain low interest HUD and/or USDA loans for “farm dwellings” (as defined by HUD and USDA) associated with their operations.

If lessees are able to live on their leasehold properties, they will be able to obtain home equity financing from time to time which could further help finance their operations. Their home equity therefore becomes another source of operating capital.

B. Facilitating leases within a large tract of land, say a minimum of 100 acres or if a smaller tract of land, say a minimum of 25 acres where there is an agricultural co-operative association which is the owner/landlord not to trigger the county subdivision rules and/or statutes that define Ag leases as "subdivisions". "Subdivisions" trigger infrastructure requirements that make Agribusiness economically unfeasible, and no amount of additional incentives can adequately offset the financial impact of urban standard infrastructure requirements on the small farmer.

C. Rural Country zoning: There are different needs to be served for those who wish to live a rural agriculture life, but the farming is not their sole livelihood. Recognizing that there local persons and mainland persons who wish to have a rural and in some instances country estates the legislature and county should reexamine the agricultural zoned land that are not the prime agricultural land and place these agricultural land Into this Rural Country Zoning and craft legislation so that infrastructure on such Ag lands is suitable to that type of living. There is much to be said to have a rural country zoning and the addition to the tax basis without the attendant services that such property would be utilizing. Agricultural usage upon the property, with appropriate protections against blatant abuse (i.e. putting in gravel roadways and then selling off small chunks of property meant for residential rather than Agricultural use). However, making the minimum size of a
leasehold parcel described in "B" (above) tailored according to the circumstances of the particular district.

On the mainland, rural roads are the norm, and millions of people live in homes located on Ag land where they do no farming. Our attitude then, should be changed to ACCOMMODATE farm enterprises rather than spend all our efforts trying to PREVENT living on Ag properties and not cultivating. The tax basis on each property would reflect the actual use of the property.

FOR EXAMPLE: If someone cultivates NONE of their Ag land but benefit from the reduced infrastructure, then their entire property should be taxed at an urban rate.

Think of the disincentive to occupy a non-productive 5 acres taxed at an R-10 tax rate (!). That would equal a whopping 20 times what an R-10 homeowner would pay, or about $1,400 Per MONTH ($70/Month x 20 = $1,400). In fact, the county treasury would benefit from the extra tax money, and so under this scheme, there should be no objection whatsoever to this "PAY to PLAY" plan. Taxes at that level are enough to bankrupt some and convince the remainder that they should be cultivating the Ag property - EVEN IF THEY LEASE THEIR PROPERTY TO OTHERS FOR FARMING. Horses on the property should be used in some sort of viable enterprise so that they gentleman horseman does not abuse the statute.

D. The legislature must adjust the Department of Ag loan guarantee programs by expanding the financial programs and adjust the eligibility to make the loan guarantees more available to creditworthy borrowers. The requirement that a persons has experience in agriculture by itself does not make sense if the borrower can show that he can employ the necessary agricultural personnel to run the facility or farm as the case may be. In the case of loan guarantees, the banks will examine and approve/disapprove the prospective borrower's business plan so that there is no requirement for same placed on a DOA employee who has no expertise in business or business plans. DOA function then, would be to administer and coordinate the loan approval with the state loan guaranty, and other administrative tasks.

E. The ADC (Agribusiness Development Corp.) must be re-focused wherein they come under the purview and authority of the DOA, and be directed to aggressively pursue the advancement of Agribusiness statewide IN CONJUNCTION WITH The efforts of the DOA, FARM BUREAU, HARC, and UH College of Tropical Agriculture and Human Resources.

F. The DOE must incorporate an Agribusiness curriculum at the high school level as an elective, like Auto Shop or other vocational programs, except Agribusiness should be extensive enough that a graduate could start his/her own Agribusiness enterprise including knowing how to apply for financing (this would also require business courses so that they understand business requirements and don't get into financial trouble early on).
ALL the other outline items voted on by the AWG at large are helpful, provide more flexibility to landowners balking at turning their lands over on a long term basis, and some make more information available to farm entrepreneurs, but NONE are core requirements for Agribusiness to be born and flourish. The core requirements MUST be included in any legislation to make Agribusiness feasible.

Summary:
1. Land owners must have the latitude to lease their lands without the fear of forced land reform (forced fee conversion).
2. Landowners must be able to lease portions of large parcels of land to multiple lessees without the fear of triggering "subdivision" rules and restrictions.
3. Farmers one must be able to finance one's farm operations, or no substantive Agribusiness gets done.
4. The farmer must be able to live on his land, reasonably.
5. The Farmer must be able to build roadways to his land reasonably, according to the needs of the Ag enterprise upon that portion of the land.
6. There must be Agribusiness support at the state level and education at the high school level to ensure an adequate supply of farm professionals in the future.

NOTE 1: Re: Objections to leases on portions of parcels. There is no reasonable objection to such leases so long as the landownership principles are protected.

NOTE 2: Re: History of Ag Condos.. Ag condos were invented simply because the various County planners refused to reduce the Agricultural infrastructure requirements (roads, drainage, etc.) to fit the economic realities of agriculture. The state Real Estate Commission correctly surmised that urban standard infrastructure upon Ag lands was unreasonable and therefore the present state of Ag condos exists. They would be wholly unnecessary if the infrastructure requirements of the Counties were more responsive to the needs and realities of Agribusiness.

NOTE 3: Re: Objections to small Ag parcels (gentlemen farmers). Who lives upon the land if other than a “farmer” is inconsequential. Likewise, Who is actually cultivating the property inconsequential. The sole criteria for determining the property tax rate upon the property should be its actual use. Specifically, if the property is being used for Agribusiness, then the tax rate should reflect that use. If the property is not under serious cultivation, then the tax rates upon the property should be reset to reflect a more urban type land use. In any case, there should be a reasonable set aside i.e. 5,000 sq.ft. reserved for “farm dwellings” (as defined (and encouraged) by the USDA and financed by HUD).

Objections to anyone living upon ag land is an emotional objection and is therefore not valid. Almost all objections to leases, infrastructure reductions, and
farm dwellings come from a very few very vocal persons and organizations, whereas the critical necessity of agribusiness rebirth in Hawaii is so much more overwhelming as to dwarf the objections of those few.

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