The general philosophy of Agriculture Feasibility is to support and leverage incentives and programs for farming to be more successful (farming defined as economic viability; success is financial success or being able to sustain themselves as a result of their farming endeavor).

The Agriculture Feasibility Subcommittee is to identify what conditions are necessary for agriculture as an industry to succeed, and to encourage legislation to create an environment to support agriculture as an industry.

**Feasibility is linked to Supply → demand**

### Key to success
- Land issues

- Land leases too short;
  - What trade-offs to landowners if provide longer lease terms?
  - What are tools and techniques to address these issues?
- Purchase of land 5-10 acres
  - Requirements to subdivide unnecessary, drive costs
  - Reduce urban requirement
- Requirements on ag lands lowers feasibility of agriculture
- Conditional use of permit
- What are the land problems to farmers?
  1. Oahu: cannot lease only more than one piece of property
     a. Unable to put 2-4 people on a large tract of land
     b. Exclusive agriculture
c. amend – land use ordinance
   d. work on subdividing requirements

2. MAUI
   a. Requirements less cumbersome
      i. Define area
      ii. Not have to subdivide

- Bill 39: Did it have effective input?
  - Not address some issues
  - Council receptive to judicial changes
  - Conditional use permit
  - Reduce from urban requirements

- Priority Ag Lands
  - Which lands provide the most opportunity
  - Solve on the settings/by counties
  - Requirements – Act 5 –
  - Act 5 – State/Landowner Issue

- Development of infrastructure for agriculture
  - Irrigation
  - Vacuum cooling system (state subsidized)
    - Distribution center
    - Public/private sector development
  - Transportation at a reasonable cost
    - Dedicated barges for agriculture
  - Chilling facilities at airports/harbor

- Mechanisms for Distribution of products
  - Cooperatives are great mechanisms for small farmers working together
    - This issue is to address the small diversified farmer
    - Farmers with larger operation can address these issues on their own
      - Large farmers are driving diversified agriculture
        - Aloun/Jeff
    - Identify use—production, processing/manufacturing, buyers, marketing, etc.
  - Successful examples
    - Kona Coffee
      - However, coffee also benefits from decentralization with multiple “estate” brands
        - North Shore – 60 farmers (subsistence)
  - Improve the cooperatives so members are not competing with each other
  - Create strategy and plan with farmer – farm produce to meet market demand
  - Education and training to assist in making cooperatives functional businesses
• Direct sales
  • “Farmers Market” e.g. Pike’s Market
  • Every island has farmer’s market direct to consumers
    o Need to ensure products are local grown
• Business Development
  • Technical support for farmers
    • Analysis of crop consumption
      o What is the market demanding
      o What can be grown
      o What can be import substitute
      o Some crops – not to be grown
  • Standards and Quality
    o Ensure consistency of quality
    o Assist in developing infrastructure where needed to get products to market
• Business planning
  • How to encourage 5-10 acre farmers to maximize income
    i.e. homesteads in Kona
  • Farmer education on the economics of their crop
    o Often not figure costs of time, other inputs
    o What needs to be considered for profitability
  • Education
    o How to assess market demands
    o Where markets
    o How to address consumer demands/expectation

What is government’s role in the feasibility of agriculture?
Encourage market to be vital, synergistic
• Education
  • Agriculture as a business enterprise—many farmers know how to grow, but may not be as skilled in the entire business
  • Set up business incubators for agriculture enterprises
• Resources
  o UH CES
  o BEI soils
• Marketing
  • Developing consumer taste—“buy local”
• Capital formation
  • State DOA loans
    • Require policy changes—too restrictive
  • Federal loan programs
    • Less qualifications/regulations
    • Land bank
- Big agriculture development
- Local financial institutions
  - Issues relate to short leases
  - What kind of agreements with landowners?
- Address crimes against farmers i.e. thievery of farm products
- Minimizing, assisting in the processing permits
- Reduce Federal barrier of ag products
  - Example: Avocado is restricted because quarantine/fruit fly
  - Foreign countries as a result of NAFTA are able to ship avocados to 31 states without barriers

**Water**

Premise: Water is as important for ag as land, however, water is a regional resource

- All water delivery systems not make money – with someone carrying the costs
- How many more water systems to put money for strategic ag development (e.g. Hamakua); Where to put the money
  - Public pays 70% of water subsidized by state
  - Important to tweak of water code
    - Supply adequate
    - Quality an issue
    - Determining right cost important
      - How to determine
      - Ground water-
        - Surface water/streams
          - Into ag has many issues
        - cost may be expensive
        - for productive use vs. food safety
        - Strategy of identifying streams to use for the ag habitat
          - Look at code/see how it affects AG

**Land/Water/Location**

- low cost
- proximity to marketing/shipping
- protect interest of land owner
- fair to both farmer and land owner
- adequate supply
- lease terms
- property tax
  - counties focusing on plantation ag/not diversified ag
  - tiered tax system based on use
- change on Oahu real property required
- farmers with current cost
  - designate \(\rightarrow\) takes away
  - file a plan \(\rightarrow\) flexibility
Key Issues for Agriculture Feasibility

1. Supply
   • Big farmers can contract the studies, identify market demands, product goods and services to go direct to supermarket
   • Small farmers not able to meet conduct those studies
     o Have difficulty education with consistency & delivery
     i. Distribution of products required
        1. vacuum plant (private & public) – aid & assist
        2. middle man – set standards
           a. small farmers have difficulty to meet middle man quantity and quality

2. Consumption: Network of supply and demand
   Dynamic economic market – vital
   • Big Box—how do local farmers have input into these markets?
     o Purchase of large bulk products
       ▪ Farmers not organized to supply in this quantity and quality
       ▪ Price may not be an advantage to small farmers
   • Farmers who are successful identify NICHE
     • Organic
     • Product differentiation
     • Products grown only in Hawaii i.e. Kona Coffee

3. Capital for agriculture enterprises
   If invested → organized correctly can produce higher rate of return
   Things to build network of supply and demand
   1. Ongoing infrastructure
      a. Irrigation system – public
      b. Irrigation systems-private system support
      c. Transportation at a reasonable cost
      d. Chilling facility
      e. Airports/harbors
      f. Barge dedicated for agriculture
   2. Developing consumer taste – “buy local”
   3. Capital available to farmers at reasonable rates
      • Access to land
      • For initial investment

Next Agenda

Diversified Ag Covenance Act “Ag Easement”
   • Genesis: encourage landowners to dispose of lands
   • Intended to have input from all to propose to Leg 2004
• Agree covenant – in agriculture – trade off – Department of Agriculture → Planning → program to develop
  • DOA & Planning → Ag – approve covenant
  • State
  • County
    o Subdivision
    o Building Code
  • Sell & Lease → not complex process → infrastructure (State/County)
• Holder (agency)
  • Private
    o inspection
    o maintenance
  • monitor
    o compliance

Landowner
• Deed rest to remain in agriculture
• Compensate landowner has to agree
  o Have to entice landowner

Potential tools
• Purchase of Ag Easement
  landowner can have sell or long term lease
  sold development right → similar for
• Ag Park Subdivision

Incentives
• LURF has a list of incentives posted on the website under Tools and Techniques
Not all counties approach in the same way

AFT – continual issue – Big Island – OK now
• ag lands vs. productivity vs. market value
• threatening to cattle

Maui- assessed valuation – for res market
• ag rate
  o as long as dedicated
  o (not dedicated on Maui)
• highest/best – market (rate same – but assessed valuation on where house site)

Through Act 236 - ??
  to set up threshold
  is the county processing working?
Williamson Act – sets guidelines – State makes up the differences
Cattlemen (ATTACH NOTES)
- criteria – carrying capacity
- Maui – 10 acres – 1 cattle – not agriculture
- set based on size of lot
- want to affect the industry

Tax Maximizing Benefit for Agriculture
- Property tax
- Ag enterprise zones – more info
  - “district”
  - how currently leg
  - what can be put in place for agriculture
  - employment – increase by 10% annually
  - relieve of GET
  - require additional people/pay employment taxes
  - east it – so it is realistic

AFT handbook – section 3
Ag District Program
Table with benefits

Know what we do today; then strategic statewide
- Ag priority
- cost of investment

Where to spend dollars
- What is public money to manage resources

Ag Subdivisions
- pay own water systems
- is that good of agriculture
- Lahaina – no water form Laniapoko
- making it possible
- feasible

Next Meeting
- Convenance Act
- Enterprise Zones
- AFT
- Landowner issue
- State Function Plan