
A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

1 SECTION 1. Alexander & Baldwin (A&B), the owner of
2 Hawaiian Commercial & Sugar Co. (HC&S), recently announced the
3 anticipated closure of Hawaii's last sugar plantation. A&B
4 plans to close its thirty-six thousand-acre HC&S sugar
5 plantation operation on the island of Maui by the end of 2016
6 and transition to a diversified crop model. Starting in March
7 2016, HC&S intends to begin terminating its six hundred seventy-
8 five employees as their particular functions are completed, with
9 about half being retained through the end of the harvest in late
10 2016.

11 This closure is devastating news. It will impose severe
12 challenges and hardship upon the displaced workers and their
13 families, the communities and businesses on Maui, and
14 ultimately, the Maui economy.

15 The legislature finds that in response to this impending
16 crisis, a concerted effort by the State, county of Maui, and all
17 the stakeholders is critically needed. Action must be taken now



1 to assist those who will be displaced, stabilize the Maui
2 economy, and transition and prepare for a better future.

3 The legislature further finds that a key component in this
4 regard is the aggressive expansion of diversified agriculture.
5 Diversified agriculture will provide displaced HC&S workers and
6 businesses and farms on Maui with critically-needed employment
7 and economic opportunities. Furthermore, the expansion of
8 diversified agriculture comports with the State's responsibility
9 to conserve and protect agricultural lands, promote diversified
10 agriculture, increase agricultural self-sufficiency, and assure
11 the availability of agriculturally suitable lands that is
12 mandated by article XI, section 3 of the state constitution.

13 Diversified agriculture also promotes food security, which
14 the legislature finds must be a priority goal of the State. In
15 this regard, approximately ninety per cent of the food consumed
16 in the State must be shipped in from the continental United
17 States or foreign countries. Hawaii's geographic isolation
18 subjects the State to shipping interruptions that are beyond its
19 control. The aging agricultural workforce, together with a
20 reluctance of the youth to work in the agricultural fields, only
21 increases the challenges of reaching the goal of food security.



1 An expansion of diversified agriculture will enable displaced
2 HC&S workers to help Maui and the State meet its important food
3 security goals.

4 The legislature further finds that the agribusiness
5 development corporation was established by Act 264, Session Laws
6 of Hawaii 1994, to create a vehicle and process to make optimal
7 use of agricultural assets for the economic, environmental, and
8 social benefit of the residents of the State. When the
9 agribusiness development corporation was established, the sugar
10 and pineapple industries were downsizing and the plantations
11 were expected to release seventy-five thousand acres of
12 agricultural lands and fifty million gallons of irrigation water
13 per day, over the following decade. The agribusiness
14 development corporation was tasked with administering a dynamic
15 and aggressive program to assist the transition from plantation
16 operations into other agricultural enterprises, to carry on
17 marketing analysis to direct the needed agricultural evolution,
18 and provide leadership for the development, financing,
19 improvement, or enhancement of agricultural enterprises. The
20 legislature finds that this kind of proactive and dynamic action



1 is exactly what is needed today to address the many difficult
2 challenges of the HC&S closure.

3 The purpose of this Act is to require the agribusiness
4 development corporation to ensure that the agricultural lands
5 and infrastructure to be released from sugarcane production on
6 the island of Maui by A&B are used to optimize reaching the
7 State's goal of increasing and supporting the development of
8 diversified agriculture by requiring the corporation to, with
9 the assistance of state agencies:

- 10 (1) Monitor the closure of the HC&S sugarcane plantation;
11 (2) Identify lands for possible acquisition by the State,
12 through various means, suitable for diversified
13 agriculture and an agricultural park and incubator;
14 and
15 (3) Support the development and sustainability of
16 diversified agriculture by investigating and
17 determining the feasibility of:
18 (A) Establishing agricultural cooperative
19 associations;



- 1 (B) Establishing public-private partnerships to
- 2 provide historically appropriate workforce
- 3 housing;
- 4 (C) Retro-fitting existing facilities into an
- 5 agricultural technology park;
- 6 (D) Establishing an agricultural foreign-trade zone;
- 7 (E) Establishing an education and workforce pipeline
- 8 with high schools and the University of Hawaii
- 9 Maui College; and
- 10 (F) Assisting the research and development of
- 11 diversified agriculture on Maui.

12 SECTION 2. To ensure that the agricultural lands and
 13 infrastructure of the HC&S thirty-six thousand-acre sugar
 14 plantation operation on the island of Maui that are anticipated
 15 to be released from sugarcane production by A&B are used to
 16 optimize reaching the State's goal of increasing and supporting
 17 diversified agriculture, the agribusiness development
 18 corporation shall:

- 19 (1) With the assistance of the department of business,
- 20 economic development, and tourism, monitor the
- 21 termination of operations of A&B's sugarcane



1 plantation on Maui and request from A&B information
2 and updates related thereto;

3 (2) With the assistance of the department of agriculture
4 and the department of land and natural resources,
5 identify lands currently being used for the HC&S
6 thirty-six thousand-acre sugar plantation operation on
7 the island of Maui that are suitable for diversified
8 agriculture and development of an agricultural park
9 and incubator, to assist former sugarcane workers and
10 new farmers to acquire the necessary capital and
11 capacity to engage in diversified farming. The
12 corporation shall also develop acquisition plans and
13 strategies for those suitable lands, including
14 purchase, lease, exchange, public-private partnership
15 with A&B or other stakeholders, or a combination
16 thereof. The plans and strategies shall also include
17 estimations of acquisition and operating costs and the
18 proposed means of financing.

19 (3) With the assistance of the department of agriculture
20 and University of Hawaii college of tropical
21 agriculture and human resources, determine the impact



1 of establishing an agricultural cooperative
2 association under chapter 421, Hawaii Revised
3 Statutes, made up of former sugarcane workers and new
4 farmers, on the transition of the sugarcane lands to
5 diversified farming;

6 (4) With the assistance of the Hawaii housing finance and
7 development corporation, determine the feasibility of
8 a public-private partnership with A&B or other
9 stakeholders to provide workforce housing with
10 priority given to the preservation and restoration of
11 structures that reflect the historic character of
12 Maui;

13 (5) With the assistance of the high technology development
14 corporation, determine the feasibility of acquiring
15 and retrofitting the existing facilities of the
16 sugarcane operation to establish an agricultural
17 technology park in or near Pu'unene, Maui, for the
18 handling, preparation, storage, processing, and
19 packing of agricultural products produced by an
20 agricultural cooperative association;



1 (6) With the assistance of the department of business,
2 economic development, and tourism, determine the
3 feasibility of establishing an agricultural foreign-
4 trade zone to enable importers, manufacturers, and
5 distributors to realize cost-savings benefits that
6 will increase the competitiveness of diversified
7 agriculture on Maui;

8 (7) Collaborate with the department of education and the
9 workforce development council, to establish an
10 education and workforce pipeline with high schools and
11 the University of Hawaii Maui College; and

12 (8) Collaborate with the University of Hawaii college of
13 tropical agriculture and human resources to aid the
14 research and development of diversified agriculture on
15 Maui by troubleshooting, patents, and exploring new
16 crops and niche value-added crops that thrive on
17 former sugarcane lands.

18 SECTION 3. Commencing with the regular session of 2017,
19 the agribusiness development corporation shall submit a report
20 to the legislature no later than twenty days prior to the
21 convening of each regular session that includes:



1 (1) The status of the implementation or progress of the
2 mandates described in section 2 of this Act;

3 (2) The timeframe and costs associated with developing,
4 implementing, operating, and sustaining the projects,
5 programs, and tasks described in section 2 of this
6 Act; and

7 (3) Necessary proposed legislation.

8 SECTION 4. All state agencies, including the department of
9 the attorney general; department of agriculture; department of
10 business, economic development, and tourism; department of land
11 and natural resources; department of education; University of
12 Hawaii college of tropical agriculture and human resources;
13 Hawaii housing finance and development corporation; workforce
14 development council; and legislative reference bureau shall
15 assist the agribusiness development corporation, upon its
16 request, in any matters related to this Act.

17 The legislative reference bureau shall, upon the request of
18 the agribusiness development corporation, assist in the
19 preparation of the annual report required by section 3 of this
20 Act; provided that the corporation shall deliver to the bureau
21 all information and materials deemed necessary by the bureau for



H.B. NO. 2553

Report Title:

HC&S Sugarcane Plantation Closure; Diversified Agriculture;
Agribusiness Development Corporation; Appropriation

Description:

Requires the Agribusiness Development Corporation to prepare for the closure of the HC&S thirty-six thousand-acre sugar plantation on Maui by, among other things, monitoring the closure; identifying suitable lands for acquisition by the State; and investigating the means necessary to develop and sustain diversified agriculture on the former sugarcane lands. Makes an appropriation.

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