Important Agricultural Lands

Important Agricultural Lands (IAL) first emerged in 1978 when voters passed an amendment to the Hawaii State Constitution. Under this amendment (Article XI, section 3) the state is required to "protect and conserve agricultural lands, promote diversified agriculture, increase agricultural self sufficiency, and assure the availability of agriculturally suitable lands."

Since the 1978 convention, the state has passed two major pieces of legislation related to Important Agricultural Lands, Act 183 and Act 233, passed in 2005 and 2008. Both were formulated to implement measures that fulfill the intents and purposes of Article XI, section 3 of the state Constitution. Together, Act 183 and Act 233 set forth policies, guidelines and incentives regarding important agricultural lands.

Act 183:

Act 183 went into effect on July 1, 2005 and was the first piece of legislation that addressed the status of the IAL mentioned in the state Constitution. This act establishes a definition, criteria for identification, and a process for designation of IAL. It also establishes a general outline to provide incentives for the use of IAL for agriculture, but Act 233 goes into much greater detail regarding these incentives.

Pursuant to Act 183, IAL are lands that: 1) Are capable of sustaining high agricultural yields 2) Contribute to Hawaii's economic base through the production of agricultural commodities for local consumption or export and 3) Promote the expansion of the agricultural industry in the future.

Lands under review for designation as IAL are examined based upon their ability to support and encourage viable agricultural ventures. The specific criteria are as follows: (http://hawaii.gov/hdoa/Info/ial/Act%20183.pdf):

- Land currently used for agricultural production;
- Land with soil qualities and growing conditions that support agricultural production of food, fiber, or fueland energy-producing crops;
- Land identified under agricultural productivity rating systems, such as the agricultural lands of importance to the State of Hawaii (ALISH) system adopted by the Board of Agriculture on January 28, 1977;
- Land types associated with traditional native Hawaiian agricultural uses, such as taro cultivation, or unique agricultural crops and uses, such as coffee, vineyards, aquaculture, and energy production;
- Land with sufficient quantities of water to support viable agricultural production;
- Land whose designation as important agricultural lands is consistent with general, development, and community plans of the county;
- Land that contributes to maintaining a critical land mass important to agricultural operating productivity;
- Land with or near support infrastructure conducive

There are two distinct processes through which land is designated as IAL. The first is through a declaratory order. Farmers may file a petition with the Land Use Commission for review. If the petition gains approval by 2/3 of the commission, the land will be designated as IAL. The second way land is classified as IAL is through county designation. Under Act 183, each county is responsible for identifying and mapping Important Agricultural Lands within their jurisdiction. These maps are submitted to the Land Use Commission for further action and final designation as IAL, upon the commission's review.

The act also provides for incentive programs for the individuals who use IAL for agricultural purposes. Act 233 goes on to further establish specific incentive programs.

Act 233:

Upon the passage of Act 183, the Hawaii Department of Agriculture began to work to identify incentives for landowners to designate their land as IAL. They worked alongside the Department of Taxation, Hawaii Farm Bureau Federation, Land Use Research Foundation, UH CTAHR, DBEDT, and the Office of Planning. Through their collaborative efforts, the group authored a series of recommendations of incentives for agriculture. Act 233 is based upon that report and includes the following incentives:

- 1. **Farm dwellings and Employee housing**. Farm dwellings and employee housing units may be built on 5% (or 50 acres, whichever is less) of IAL for use by the farmers and their immediate family.
- 2. **Tax credits**. Farmers may claim IAL qualified agricultural cost tax credits to support viable agricultural operations. Tax credit may be claimed for costs such as roads, utilities, processing facilities, wells, reservoirs, dams, pipelines, etc.
- 3. **Guaranty on Loans**. The chairperson of the board of agriculture can provide an 85% guaranty on loans to help farmers finance agricultural projects on IAL. This should reduce the interest rate for agricultural borrowers and promote investment in agriculture.
- 4. **Agricultural water use and development plan**. A master irrigation inventory plan that identifies the extent of necessary rehabilitation, sources of water, current and future irrigation needs, subsidizes the cost of repair and maintenance of the system, develops a five-year plan to repair the system, and establishes a long-term plan to maintain the system.
- 5. **Agricultural processing facilities, permits, priority.** Provides for priority processing of permit applications and renewals at no additional cost to the applicant for permits related to processing facilities for livestock or crops. The majority of lands held must be IAL.
- 6. **Public lands.** The Department of Agriculture and the Department of land and natural resources will identify and map IAL.
- 7. **Land reclassification.** Process allow landowners who own IAL to submit a petition to reclassify no more than 15% of their lands into a rural, urban, or conservation district.

Sources

- Act 183 (2005): http://hawaii.gov/hdoa/Info/ial/Act%20183.pdf
- Act 233 (2008): http://www.capitol.hawaii.gov/session2008/bills/SB2646_CD1_.pdf
- "Final Report on the Incentives for Important Agricultural Land". Department of Agriculture. http://hawaii.gov/hdoa/Info/ial/IAL%20Final%20Report.pdf2008.
- Department of Agriculture." IAL Factsheet". http://hawaii.gov/hdoa/Info/ial/IAL%20Factsheet.pdf.
- Department of Agriculture. "Important Agricultural Lands Update" May 2010.http://hawaii.gov/hdoa/Info/ial/important-agricultural-lands-upd