

AGRICULTURAL USE DEDICATION HANDOUT
County of Hawaii, Finance Department, Real Property Tax Division
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This handout is designed to assist property owners in the County of Hawaii by providing an explanation of the agricultural use dedication program. This was designed to encourage the commercial agricultural use of land on a long term basis by offering lower assessments which in turn will reduce the real property tax burden on the farmer or rancher. The information contained in this handout is just general information and any prospective property owner should contact the Real Property Tax Division for additional information. The information is also subject to change based on ordinances adopted by the County Council, policies adopted by the Finance Department, and legal opinions from the Office of the Corporation Counsel.

THE LAW

Dedications are provided by Section 19-60, Article 8, Chapter 19, of the Hawaii County Code, as amended. The term of the dedication is 10 years, with special provisions for leases with less than 10 years remaining, but a minimum of 5 years remaining. The dedicated land will be assessed based on its actual commercial agricultural use, versus its market value.

COMMERCIAL AGRICULTURAL USE

The term “commercial agricultural use” means that the land is being used on a continuous and regular basis for agricultural activities with the purpose of generating income, monetary gain, or economic benefit in the form of money. The minimum annual gross income per farm operation shall be \$2,000. The operation may include multiple parcels that need not be contiguous. The use of the property must adhere to generally acceptable standards or recognized practices within the agricultural industry in Hawaii. The pasturing and grazing of animals is not an allowable agricultural use on a parcel not County-zoned for agricultural use.

FILING REQUIREMENTS

An owner who desires to dedicate a parcel to an agricultural use must submit a petition to dedicate by September 1 of any calendar year. The dedication petitions are available at the Real Property Tax offices in Hilo and Kona, and on our website: www.hawaiipropertytax.com. The petition must be complete and have the signatures of all owners, and the lessor if required.

OWNERS DEFINED

Owners of property include the fee simple owners or lessees of property, provided that the unexpired term of the lease as of the effective date is a minimum of 5 years. In the case of a lease with less than 10 years, but at least 5 years, remaining, the term of the dedication will be the remaining term of the lease.

NOTICE OF APPROVAL OR DISAPPROVAL

Notice of the approval or disapproval of each petition will be made on, or before, December 15th. With the notice of approval will be a request for the submittal of the recording fee (the amount is set by State law). Failure to pay the recording fee will result in the disapproval of the petition to dedicate. If approved, the dedication shall be effective on July 1st of the next calendar year, which is the start of the next assessment year.

RECORDATION OF THE DEDICATION

As stated above, the Notice of Dedication is required to be recorded at the Bureau of Conveyances or the Land Court. The County will prepare and record the dedication upon receipt of the required recording fee. A copy of the recorded dedication will be mailed to the petitioner upon its return from the Bureau.

RENEWAL OF DEDICATION

At the end of the dedication the owner must submit a new petition to re-dedicate. The Real Property Tax Division will attempt to notify each owner approximately 180 days prior to the expiration date of the dedication. The renewal petition has the same September 1st deadline and will be handled in the same manner as a new petition.

CONTINUATION OF DEDICATIONS

In the event that a dedicated parcel is sold prior to its expiration date, the new owner can submit an affidavit to continue the dedication for its remaining term. A recording fee along with this notarized affidavit is required, as this continuation also must be recorded in the Bureau or Land Court. Failure to submit a continuation of the dedication is a breach and rollback taxes could be assessed.

ROLLBACK TAXES

Any violation in the terms and conditions of the dedication will be considered a breach and could result in the imposition of rollback taxes and a penalty. The rollback taxes will be based on the difference in taxes that were assessed and which would have been calculated based on the market value. Any rollback tax and penalty assessed becomes a paramount lien on the parcel.

CHANGE OF AGRICULTURAL USE

If the owner of a dedicated parcel wishes to change the agricultural use, they will need to submit a new petition to dedicate. If the new use is approved, the new petition will be handled in the same manner as an original or a renewal petition. The change will be for the balance of the existing dedication.

Forms are available at either of the Real Property Tax Offices in Hilo and Kona, or can be downloaded from our website: www.hawaiipropertytax.com.