



Hawaii Cattlemen's Council, Inc.

ACT 90 Working Group
Senator Lorraine Inouye, Co-Chair
Representative David Tarnas, Co-Chair

Monday, August 23 2021, 1:00 p.m.
VIA VIDEOCONFERENCE

Co-Chairs Inouye and Tarnas and Members of the Working Committee,

The Hawaii Cattlemen's Council offers testimony to share information on topics that affect the entire industry. While individual lessees will be best at sharing their direct experiences on the ground, we can help the working group to understand the overall situation from a broad perspective. You have seen our testimony many times during the legislative hearings for bills regarding Act 90, in which we have made clear that our stance is in support of transferring agricultural lands from DLNR to HDOA.

We appreciate that the DLNR acknowledged their shortfalls in their ability to manage agricultural leases properly, but we disagree that the solution is to amend rules to give them the same abilities as HDOA. We strongly believe that transferring the lands to HDOA pursuant to Act 90, 2003 is the appropriate step to take. Even under an HDOA lease, ranchers will continue to allow access for hunting, conduct their land stewardship practices, and work with DLNR on appropriate projects. Going through the legislative process to amend rules adds an even longer wait for the appropriate lease terms while these leaseholders have already been waiting for 18 years. Perhaps a protocol could be put into place to assure DLNR that they can continue to work with HDOA leaseholders - but transferring the lease to HDOA is necessary as it will assure the leaseholder that agricultural production will be prioritized. Economic sustainability allows the ranchers to implement the conservation practices that are necessary to steward the land and resources well. With budget cuts and limited state resources, we ask that you work with the ranchers to help reach goals - but the operation must be economically sustainable.

Cow/Calf Operations: Sending Cattle Abroad

We would like to address the notion that cattle that are sent to the mainland for finishing are not contributing to Hawaii's food production. On the contrary, we need cow/calf operations in which calves are raised in Hawaii and sent to the mainland for finishing. The meat industry is complex and there are factors up and down the supply chain which determine the business decisions a rancher will make. For one, Hawaii lacks the infrastructure and processing capacity to keep all of our cattle here for consumption. While this is in the process of increasing, ranchers can slowly shift more of their cattle to stay in Hawaii, but many variables mean that it cannot happen overnight. There is also the factor of quality forage. Not all ranches have enough high-quality forage that is suitable for finishing an animal 100% on grass. However, they can produce calves year-round, which can be sent to the mainland for finishing and contributes to the US food supply, much of which we ship to Hawaii to meet our beef demand. For those who do have high quality forage that can finish quality grass-fed beef, the flexibility to, at times, send calves to the mainland gives their operation the diversity needed to adapt and thrive. For example, during drought, such as the one we are experiencing this



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year, a rancher may make the decision to send calves to the mainland instead of keeping them here where there may not be enough forage available. However, when they expect enough forage and can anticipate being able to process and market their cattle in Hawaii for a price that provides them value, they will plan to keep more cattle here in Hawaii. Without that flexibility, they may not financially survive times of drought, fire, or lags in local beef purchasing due to consumer variability. Without the option to pivot, they may very well not be in operation to provide grassfed beef. As a cow/calf operation, a rancher can make decisions based on the many varying factors in the supply chain.

An additional benefit to ensuring ranches stay viable and can be flexible in their business models is that during crisis, cattle can be a flexible option for a high-quality protein. Cull cows and bulls can be used to feed communities. But if ranches are put out of business because they are not supported and the public does not understand the need for a diverse operation to send calves to the mainland, this option becomes scarce. Whether a ranch raises cattle for consumption in Hawaii or to send off to add to the US food supply the ecosystem services that come from a well-managed rangeland still persist. Our next section highlights the benefits of supporting agriculture, not just for food production, but for land stewardship.

Carbon Sequestration and Other Ecosystem Services:

We understand that DLNR does not want forested areas to diminish in Hawaii. Ranchers value forests for the many benefits they provide, but also understand that a forest needs to be maintained to keep invasive species from taking over. Ranchers also want to prevent the loss of more pastoral lands, but if reforestation needs to happen on rangelands and DLNR indeed does want to collaborate with ranchers, we urge DLNR to listen to the rancher – the one that knows the land and has been working on the ground. We urge more understanding of the fact that ranchers must make a profit to remain in business. Efforts on conservation work often enhance a ranchers ability to continue their operation, so it is prudent for a rancher to include it in their plans– but in a way that allows them to care for cattle and turn a profit. Working in partnership with ranchers on conservation INSTEAD of taking back land, would allow us help meet the State's conservation goals, something DLNR does not have the manpower or budget to do, as they have proven over the past many years.

Recently, the Land Journal published a paper, Maintaining the Many Societal Benefits of Rangelands: The Case of Hawai'i (Bremer et al, 2021). Subject matter experts on biodiversity, carbon sequestration, soil health, watershed services, fire risk mitigation, and culture contributed to defining the ecosystem services provided by rangelands. The paper highlights benefits as well as gaps where we need to learn more. However, more and more opportunities are becoming available for grazing lands to be recognized for the carbon sequestered and the soil health derived from proper grazing when a rancher manages their herds. With these opportunities to directly measure, we will learn more and the current studies lead us to consider that keeping rangelands in operation could actually contribute substantially to curbing climate change. So let's support lands in active cattle production, and reforest areas that are not being used. We hope that you can recognize the connection between rangelands and societal benefit – with this mindset, we can choose the best use for lands, without discrediting rangelands. While wild cattle and other ungulates are detrimental to forests, ranchers manage animals to farm grass, build soil health, and produce something valuable from the land – quality beef. Contrary to claims that all that is needed is to “remove the animals and the forest will be



Hawaii Cattlemen's Council, Inc.

restored,” the land needs to be managed to keep invasive species from taking over. Without management, the land will not be suitable for recreation, more invasive species will be present than native species, and no food is being produced.

Below are a few key excerpts from the paper (Bremer et al., 2021):

- “...ranchers can provide knowledge and resources which can support the protection of adjacent, high value land covers such as native forest.”
- “Rangelands that retain >75–80% vegetative ground cover help to reduce erosion and retain sediment on the land”
- “dense high elevation native forests were found to have slightly higher recharge rates than pasture due to higher fog interception than pasture; however both land cover types had high recharge rates (96–106% of above-canopy rainfall recharging the aquifer)”
- “Managed grazing lessens disturbance by reducing the amount of plant material that is actively removed and allowing it to recover faster. Minimizing disturbance can increase plant recovery and forage quality, as well as build soil carbon which is associated with increases in water infiltration”
- “Grass- and rangelands store a higher proportion (89%) of their total carbon stocks below-ground than other ecosystem types...In addition to total stock, having a higher proportion of ecosystem soil carbon being stored belowground is beneficial for ecosystem carbon stability, since belowground soil carbon is more stable than aboveground carbon stocks, especially in areas where wildfires are prone. This is not to say that grasslands always have more total ecosystem carbon stocks than forests—many times they have less or equal—but that **a larger proportion of ecosystem carbon is stored more stably in grasslands than in forests.**” – there is even more opportunity for this to occur in Hawaii, as andisols can store up to 10 times more carbon than US mainland soils.

The main point is that rangelands have often been painted in a bad light. However, more studies are finding that rangelands are actually positively contributing while producing food. If we can accept this, then we can avoid unnecessary reforestation which is costly and could reduce agricultural lands, and instead focus on maintaining the intact forests and reforesting when it is most suitable. In order to achieve that effectively, ranchers should be supported as agricultural entities, with their conservation efforts recognized.

Nicole Galase
Hawaii Cattlemen's Council
Managing Director

Citations

Bremer, L. L., Nathan, N., Trauernicht, C., Pascua, P., Krueger, N., Jokiel, J., Barton, J., & Daily, G. C. (2021). Maintaining the Many Societal Benefits of Rangelands: The Case of Hawai'i. *Land*, 10(7), 764. <https://doi.org/10.3390/land10070764>



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ACT 90 WORKING GROUP
Senator Lorraine R. Inouye, Co-Chair
Rep. David A. Tarnas, Co-Chair

Testimony for Informational Briefing
Submitted via email to: Act90Written@capitol.hawaii.gov

August 23, 2021
1:00 p.m.
Via Videoconference

Aloha Co-Chairs Inouye and Tarnas, and Members of the Working Group:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau appreciates the opportunity to provide comments to this working group, on behalf of our farmer and rancher members who have been waiting since 2003 for the intent of Act 90 to finally be fulfilled and implemented in such a way that would benefit both them and Hawai'i's people.

Over the many years, our members who lease from the State DLNR have asked us to meet with them and visit their ranches and farms to better understand their circumstances and the insecurity they live with every day while trying to supply our communities with food and manage the land and their businesses.

During this time, we have also learned a lot about the relevant laws and regulations, the protracted progression of the transfer process and the wearing away of hope among those producers caught in the quagmire.

Frankly, it's difficult to watch these dedicated and extremely hardworking ranchers who are in perpetual limbo, and not become emotional about their plight.

With respect, here are our thoughts about what your group can recommend in order to maintain the productive and publicly beneficial use of pasture lands by agricultural producers while ensuring that these lands are managed properly and adequately safeguarded.

- Cut through the bureaucracy of this interminable process and transfer to DOA all leased land that is actively in agricultural production. **That was the legislative intent of Act 90** and nothing has changed to make food production any less important now. If anything, food self-sufficiency is even more critical today. Because of DOA's more flexible and appropriate lease terms and retention policies, and that agency's understanding of

agriculture and what it takes to produce food in Hawai'i, DOA is the correct agency to oversee the management of these lands. DOA's mission includes fostering agricultural production and leasing its lands accordingly, not auctioning them for the most lucrative lease rent.

- DLNR's legitimate concerns about conservation, stewardship, access, future reforestation, and ensuring that the land is managed properly **can all be addressed as conditions in DOA leases. Those types of terms are not incompatible with the mission of DOA.** On the flip side, ensuring that agricultural producers are supported and benefited *is not a part of the mission of DLNR.* Therefore, the proposal to modify/expand the laws that DLNR operates under, and the associated regulations, in an attempt to accommodate agriculture, when it is clearly not part of DLNR's charge or its priority, is unjustifiable. It's just not a good fit.
- There must be an acknowledgment that farmers and ranchers are good stewards of the environment. They have to be since their way of life depends on their understanding of, and experience with the land and natural resources. In fact, because farmers and ranchers are active on the land 24/7, they are more likely to know how to manage it sustainably than those who manage from an agency desk. Producers are also more likely to have the immediate resources needed to tackle challenges such as invasive species because they are on-site, continuously observing, and addressing problems before they get out of control. The notion that DLNR is abandoning its charge to protect and preserve public lands by transferring these leases to DOA is erroneous.

Thank you for considering our concerns and for your continued support of Hawai'i agriculture. The Hawai'i Farm Bureau is willing to help with all efforts to resolve this conundrum for the benefit of communities across the islands.



Email: communications@ulupono.com

ACT 90 WORKING GROUP
Monday, August 23, 2021 — 1:00 p.m.

Dear Chair Inouye, Chair Tarnas, and Members of the Working Group:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food; renewable energy and clean transportation; and better management of freshwater and waste.

Ulupono Initiative supports the local livestock industry and its efforts to provide fresh, healthy products for Hawai'i's consumers. With the DOA's affordable, long-term lease structure in place, local ranchers will be able to make the necessary investments into their respective operations, improving economic viability and increasing local food production for the State.

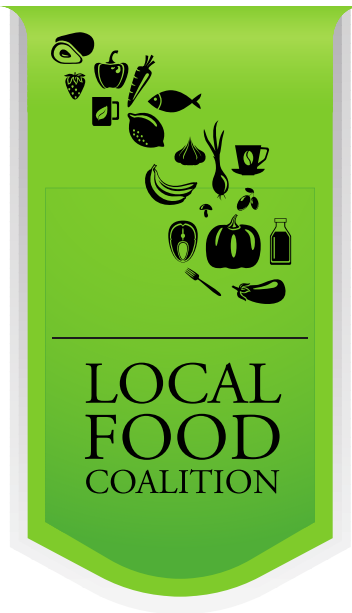
While we support the DLNR's mission to preserve natural resources and maintain watershed protection, Ulupono believes that all active agricultural pasture leases should be transferred to the DOA as per the intent of Act 90, SLH 2003. The DOA's mission and expertise to manage agricultural activities and related natural resources, including pastureland production, through a favorable lease structure promotes local food production. As Hawai'i's local food issues become increasingly complex and challenging, the agricultural industry will need additional resources and support to address and overcome them. We appreciate this group's efforts to look at policies that support local food production and increase our state's food security and resilience.

Thank you for this opportunity to provide comments.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i



Hawai'i Aquaculture & Aquaponics Association
Hawai'i Cattlemen's Council
Hawai'i Farm Bureau Federation
Hawai'i Farmers' Union United
Hawai'i Food Industry Association
Hawai'i Food Manufacturers Association
Kohala Center
Land Use Research Foundation of Hawai'i
Maui Farm to School Network (Maui F2SN)
Ulupono Initiative
College of Tropical Agriculture and Human Resources - University of Hawai'i at Manoa

ACT 90 WORKING GROUP
August 23, 2021 – 1:00 P.M. - Videoconference

RE: Comments Regarding the Transfer of Non-Agricultural Park Lands

Aloha Co-Chair Inouye, Co-Chair Tarnas and Members of the Working Group:

The Local Food Coalition thanks the working group for providing lessees of non-agricultural park lands managed by the Department of Land and Natural Resources (DLNR) and the Department of Agriculture (DOA) the opportunity to provide testimony regarding their experiences.

Act 90 was passed in 2003 with the intent to transfer agricultural leases from DLNR to DOA. The Local Food Coalition supported the original version of HB 469 that established a deadline to transfer these lands. Farmers and ranchers need long-term leases in order to reasonably invest in infrastructure improvements on the leased land. Without a deadline for transfer, they are left uncertain and hampers any long-term planning. The success of ranchers and farmers is a key component in the State's goal to double local food production.

We appreciate the work of the group to identify the challenges and potential remedies to facilitate the transfer process.

The Local Food Coalition is an organization comprised of farmers, ranchers, livestock producers, investors and other organizations working to provide Hawaii's food supply.

Thank you for the opportunity to submit testimony.

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August 23, 2021

TESTIMONY

Act 90: Working Group

August 23, 2021
1:00 p.m
Videoconference

Re: Agricultural Leases on State Lands

Chair Inouye, Vice-Chair Tarnas and Members of the Working Group

Maui County Farm Bureau, on behalf of farm and ranch families and organizations on Maui, strongly supports farm and ranch leases on state lands. MCFB is especially concerned about long established ranches on state lands that are not planned for lease transfer to HDOA and are put in risk due to loss of leases. MCFB does not believe that agriculture and forestry are not exclusive and transfer of these lands to HDOA does not mean that goals of forests cannot be achieved under agricultural management.

MCFB finds it ironic that our ranchers viability is put into risk during these times of major concern about increasing Hawaii's level of food self sufficiency. The Governor has stated doubling of food production as a priority and as the Covid pandemic ensued, the need for local ag production was on everyone's lips. At the same time, our ranchers face a strong likelihood of losing access to the lands on which local food is produced. According to the USDA Forest service data in 2016, over 42% of Hawaii's lands are under forest cover. According to the DLNR website, the Department of Forestry and Wildlife manages 25% of the lands in the State. Since the 2016 inventory, DLNR has acquired additional lands to restore forest lands such as 8,100 acres of addition to the DLNR Forest Service inventory increase request hearing in April 2021.

Maui has many forested areas such as the Kula Forest Reserve. Over time, we have seen the decline in the quality of the reserve with areas taken over by blackberries and banana poka. Dirt bikers abound creating ruts that endanger the environment. The Department appears to be resource constrained to maintain the forest inventory currently under their management. Additional inventories will further strain the existing capacity.

The mission of the department is to

"Enhance, protect, conserve and manage Hawaii's unique and limited natural, cultural and historic resources held in public trust for current and future generations of the people of Hawaii nei, and its visitors, in partnership with others from the public and private sectors."

Hawaii State Constitution Article 11.1 states:

"For the benefit of present and future generations, the State and its political subdivisions shall conserve and protect Hawaii's natural beauty and all natural resources, including land, water, air, minerals and energy sources, and **shall promote the development and utilization of these resources in a manner consistent with their conservation and in furtherance of the self-sufficiency of the State.**"

It is obvious that while protecting and conserving lands in its' natural state, the Hawaii's resources are also meant to further the self-sufficiency of the State.

Conserving lands and furtherance of self sufficiency are not distinctly different activities but can be carried out in concert, leveraging the capacities of each, resulting in an overall benefit to the State.

Many agricultural lands are owned by the State. Multi generational farms and ranches have provided for the State while protecting the lands for future generations. Their history as multigenerational entities speak to the care for without proper stewardship, decades of productive use of the lands would not be possible.

Farmers and ranchers are well aware of the impacts of climate change. Longer droughts are a harsh reality. Climate change impacts are beyond their control. As they struggle to manage decreasing resources, they now face the loss of leases -- a factor that is created by man. There has been no dialogue about compromise of practices that will meet the intent of our Constitution. Rather, it has been one sided with one use saying they supersede the benefits of agriculture. Revocation of the leases beg the question of how these lands will be managed and what resources will be requested to carry out the needed activities as multigenerational ranches providing for Hawaii's self-sufficiency are lost. The state coffers are limited so redirection of resources will mean something must give up their share of the budget. Is this the time for such challenges to the budget?

Carbon sequestration has been mentioned as a priority. Pastures sequester carbon efficiently, especially with their massive cover of the ground surface. A study reporting Hawaii's soil carbon baseline by the University of Hawaii CTAHR reports:

"Pasture: Importance of organic residues and minimized disturbance; Soil C stocks nearly similar between pasture and forest (9.5 kg C/m² vs 12.7 kg C/m²), both more than sugarcane plantation". ([Soil Carbon Inventory and Working Lands Baseline \(hawaii.gov\)](http://www.hawaii.gov/soil-carbon-inventory-and-working-lands-baseline))

Existing pastures are already sequestering carbon and have been doing so for decades on multigenerational operations. It is part of their normal business practices. Disturbing these working lands to begin a planting that will need to recover to regain their carbon storage potential does not seem to be a good use of resources. Data shows that agriculture/pastures can coexist for mutual benefit. Agroforestry and silvopastures are recommended by USDA as mutually beneficial practice. <https://www.fs.usda.gov/nac/practices/silvopasture.php> Such mutually beneficial practices is consistent with the intent of Hawaii's Constitution. Conservation is key to sustainable agriculture. Funding of Hawaii's Soil and Water Conservation Districts is a priority of the Farm Bureau, recognizing that the long term viability of our farms and ranches depends on a strong conservation ethic as part of land stewardship. Encouraging and enabling our farmers and ranchers to embrace practices such as agroforestry and silvopastures supports both forestry and agricultural goals.

During these times of resource challenges, agriculture should not be viewed as competing with forests but rather a valuable partner to obtain long term results. Coffers providing DLNR revenues to pay for forest maintenance is finite. Developing partnerships will be in the interest of the environment and people of the State of Hawaii and key to increased self-sufficiency.

Finally, as many DLNR lands are still in agricultural use, MCFB respectfully requests that dialogue with farmer/rancher tenants occur when a change in use is contemplated. Again, a collaborative solution may be in the best interest of all but it can only happen via dialogue.

MCFB strongly requests careful consideration of the long term consequences of the loss of agricultural/pasture leases in the quest to restore forests in areas of Hawaii. A

careful review of impacts to Hawaii's quest for local self-sufficiency and the costs associated with forest lands must be carefully analyzed. Pastures taken out of production will probably not be replaced. Major investments will be lost and families thrown into chaos. MCFB appreciates this opportunity to provide our input on this important matter affecting our future.



Ponoholo Ranch Limited

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ACT 90 Working Group
Senator Lorraine Inouye, Co-Chair
Representative David Tarnas, Co-Chair

Monday, August 23, 2021, 1:00 p.m.
VIA VIDEOCONFERENCE

Co-Chairs Inouye and Tarnas and Members of the Working Committee,

Ponoholo Ranch Limited operates its cattle ranch on Hawaii Island on over 10,000 acres of land, some fee simple, some leased. Some of the leased lands have been with the State of Hawaii. In fact, we have leased State of Hawaii land, managed by DLNR since our inception in 1979. Two of the leases we have held in recent years have been long term and one was a revocable permit we leased on a month-to-month basis for over 40 years.

In 2002, when one of the DLNR leases we previously held for many years came up for renewal, it was required to be put out for auction. At auction someone else bid up the price and to keep this lease, which had become an integral part of our operation and upon which we had invested many dollars on improvements, we won the auction by paying about 7 times the economic value of that land, in essence buying back the improvements WE had made over the years. Fortunately, when the rent reopened after 10 years we were able to demonstrate to DLNR the economic carrying capacity of the lease and they reduced the annual rent to a fair rate.

We have worked for many years to try to get our leases transferred to HDOA under Act 90, 2003 for the reasons the legislature passed Act 90 in the first place: to allow farmers and ranchers to work with a State Department which specialized in agriculture, and which had favorable terms to promote agriculture and sustainability in the State.

As our 20 year leases with DLNR were coming to an end in the early 2020's, we spent very little money investing in improvements on these leased DLNR lands. It made no economic sense for us to invest money in the last 10 years of the lease, only to have to buy back our OWN improvements at Auction. In fact, the way the DLNR system now works, it makes sense for the current operator to let the leased property get run down. This is contrary to the best stewardship of the land, but it is an economic reality.

We were fortunate when in early 2018 former HDOA Chair, Scott Enright, worked with DLNR to attempt to get many of the pasture leases transferred to HDOA, supporting the legislative intent of Act 90. After a meeting, DLNR agreed to use Ponoholo as a "test case" for transfer of pasture lands from DLNR to HDOA. The meeting participants agreed to meet at Ponoholo Ranch to see all the things the ranch was already doing production-wise, but more importantly stewardship-wise and discuss any concerns DLNR may have. Ponoholo hosted representatives from DLNR, DOFAW, HDOA and ranch personnel at Ponoholo Ranch with an all-day tour and lunch in February of 2018. The final outcome of the tour was that the lease for Ponoholo would be transferred from DLNR to HDOA per Act 90.

Ponoholo's two long term leases and one Revocable Permit were eventually transferred to HDOA in late 2020 and HDOA and Ponoholo were able to negotiate lease extensions for the two long term leases and HDOA was even able to issue a long term lease for the Revocable Permit we had held at DLNR for over 40 years. With a long term lease, instead of a month-to-month tenure, we were finally able to make investments on that piece.

Under DLNR, Ponoholo Ranch has always been an active cooperator with the Natural Resource Conservation Service, Watershed Partnerships and in fact have won awards and community support for our stewardship. We have allowed public access for hunting. Some of our lands (Not State lands) border the forest reserve and we are active stewards of those watersheds. Furthermore, Ponoholo has practiced intensive grazing on all its lands for over 40 years, a practice which has been coming into favor with many land stewards for its very positive Carbon Sequestration from improved grasslands. These practices continue on our leases under HDOA. We take our kuleana seriously. Some uniformed testifiers have said in recent testimony that should pasture lands be transferred from DLNR to HDOA, ranchers would clear-cut any forest on the property. To think that any rancher would change any of their stewardship for the land if it were transferred out of DLNR to HDOA is ludicrous.

Having lease terms that support investment in the land and increased productivity of the cattle makes sense for production AND environmental sustainability. Some argue, why should we support export crops... many of our calves are exported to the Mainland for feeding and slaughter. Ponoholo and other ranchers do keep some cattle here for local markets but there is simply not enough infrastructure to keep more cattle here at the present time and what would we do in times of drought, like we have faced for the past two years? Furthermore, as infrastructure increases, it will also have to pay an equivalent economic return to ranchers as they could get on the Mainland, otherwise they will not be able to remain in business. We all know the cost of land in Hawaii and the cost of doing business in Hawaii is the most expensive in the country. Regardless, no matter what percentage of the calves are able to stay here and be finished and consumed in Hawaii, cattle ranching provides much more eco-system services than vacant land, non-native brush or even DLNR managed lands do. Such things as carbon sequestration, open green vista's, public access, watershed, wildfire management are just a few of the eco-system services that ranchers provide to the community AT NO COST to the community. With better lease terms and management by HDOA, which prioritizes agriculture, ranchers will be better equipped to continue these eco-system services which benefits everyone in Hawaii, whether they know it or not, AND invest in their pastures to keep more cattle in Hawaii.

There is NO loss for the community if ranchers succeed. It is not the environment versus food production. It truly is a win/win, a win for the productivity and a win for the environment. Ranchers do every day what the State does not have the manpower or budget to do!

Alan Gottlieb
Vice President

Act 90 Working Group Hearing

August 23, 2021

1:00 pm

Teleconference via Zoom

Co-Chair Inouye and Vice Co-Chair Keith Agaran
Co-Chair Tarnas and Vice Co-Chair Branco
Members of the Working Group

Thank you for this opportunity to testify today. My name is Lani Petrie. My husband, Bill, and I operate Kapapala Ranch which was established with a lease issued by King Kamehameha IV in 1860. Today the Ranch is comprised of GL 5374, which is approximately 22K acres and expires in eight years, and two Revocable Permits, RP 7637 and RP 7758, which collectively are approximately 12K acres that could expire anytime.

Act 90 is not a bill about transferring lands, it's a bill about implementing sound resource management. The DLNR does not have the framework to ensure perpetuity in managing very important and environmentally fragile infrastructure. When we moved to Kapapala in 1977 there was no fence to keep cattle out of the Forest Reserves. Hawaiian Ranch's (C. Brewer) lease had expired in 1972 and surely they quit repairing the boundary fence many years before that. There were hundreds, if not over a thousand, head of cattle in the Ka'u and Kapapala Forest Reserve. The public auction process disincentivizes a leasee from taking care of the infrastructure. A boundary fence with a Conservation zoned area is a critical piece of environmental infrastructure.

The water system was also in shambles in 1977. Again, there was no incentive for the previous ranch to repair anything if they stood a chance of losing it at public auction. Today, with only eight years left on our lease, we have nearly 10 million gallons of water stored and two separate reliable water resources that deliver water through 110 miles of fully functioning pipeline. The Ranch's water system has been used two times now for fighting wildfire in the adjacent Forest Reserve and the National Park. We have just completed a seven mile overhaul of boundary fence with the Kapapala Forest Reserve.

We do this because we believe that there will be lease reform. If transferring land to a sister agency is unpalatable to the DLNR, then the Act 90 Working Group should attempt to solve this dilemma by reaching out to other organizations that have a history of successes. There are organizations that could possibly assist in forging meaningful relationships with mutual benefit to manage our resources. Two of which I have some knowledge of are Holistic Management International <https://holisticmanagement.org> and Stanford's Natural Capital Project <https://naturalcapitalproject.stanford.edu>.

We testify today in hopes that this Working Group can find long-term meaningful solutions to best managing our resources.

FUTURE OF COLLABORATIVE RESOURCE MANAGEMENT

Before we can talk about collaborative resource management, the State has to acknowledge that ranching is an industry that they want on its land. After viewing the 'Climate for Change' documentary aired on Hawaii News Now which was in part funded by the State, it is hard for me to see any future here with such a biased and adversarial stance against our industry. Should the DLNR and State policy makers see ranching as an industry capable of contributing to food sustainability and positively impacting our ecology and economy in a socially acceptable way, then we can talk about the future of ranchers' stake in managing a State resource.

Several ranches have already had their leases transferred from the DLNR to HDOA. Therefore in all fairness to the rest of leasees the DLNR needs to find solutions to multi-faceted resource management for the ranches on parcels of which the DLNR has great interest in, like Kapapala. Through 44 years here my family has already displayed an ability to work with DOFAW in a context of 'can do'.

RESOURCE MANAGEMENT PAST

We have always been advocates for responsible resource management. For decades we have collaborated with DOFAW's Forestry Division. In the late '80's we advocated setting aside the Koa Management Area. By 1990, in cooperation with DOFAW's Wildlife Division, we set up a mechanism for public bird hunting. We have a commitment to the public and have accepted the responsibility for maintaining the public's access to the Forest Reserves.

Kapapala Koa Management Area

My Father, Gordon Cran, and then State DOFAW Administrator, Liebert Landgraf were enthusiastically planning the Koa Management Area in the late 1980's. The 1,250 acres was the most pristine native forest the Ranch had to offer. DOFAW needed an area zoned Agriculture in order to implement the project. All of the outlying area which could be ideal for the plan were zoned Conservation and could not be harvested nor cultivated. This was truly exciting for both parties and the process of extracting the acreage and the cattle commenced with high hopes for a bright future for Koa hardwood product.

Once the area was withdrawn, the Ranch had little to do with the project. Our job was to keep the cattle out which was no small task with an uncontrolled 24 hour per day seven day a week public access to the area. After a decade or more the area was repurposed and renamed the Kapapala Canoe Area.

Kapapala Cooperative Game Management Area

Cran, in conjunction with DOFAW's Wildlife Biologist, Ron Bachman, forged new partnerships and ventured into the Kapapala Cooperative Game Management Area in 1989. The Ranch was open, as it is today, three months of the year to fulfill some of the public's recreational purpose. Wildlife Division worked closely with the Ranch in developing much needed water resources. The Ranch at that time was under a revocable permit and large capital outlays couldn't be

financed on land that had no term in which to amortize the investment. Cran and Bachman built the first lined reservoir the ranch ever had. Water storage was confined to redwood water tanks averaging 5,000 to 10,000 gallon capacity. This cooperative effort yielded a reservoir of 400,000 gallon capacity and the first sigh of relief that the ranch had a backup water supply of about 3-months supply.

This cooperation went on and improvements continued with building several cement water troughs to replace dysfunctional metal ones that were rusty and leaking water. Several waterlines were installed jointly. Needless to say the Ranch and DOFAW had a very good working relationship. For several years we even helped to survey Nene movement by reading tag numbers on the birds.

Ka'u and Kapapala Forest Reserves

Our belief that the public has a right to access public areas resonates in the past 44 years of our committment to providing daily access to the Ka'u and Kapapala Forest Reserves. Years ago it meant giving out a key once or maybe twice a month whereas today it involves hiring an answering service to field over 300 calls per month and providing 600 plus registered users with personal identification numbers. The Kapapala Ranch website has up to date information necessary to easily navigate access to the Reserves.

SUMMARY

Complex issues take a greater effort to find viable solutions. Keeping an honest and open mind is the only way to make progress.

Respectfully Submitted,

KAPAPALA RANCH

Lani and Bill Petrie

The passage of Act 90 would allow ranchers to operate under the rules governing the Hawaii Department of Agriculture. Mainly:

- Public auction could be foregone if the lands were in agriculture
- Lease maintains its value upon expiration since the leasee is given the first right of refusal on newly appraised land rent
- Leases could be up to 65 years
- Potential for raising other crops

Why was this important?

- Potential loss of capital improvements put on an auction block at lease expiration
- Have the first right of refusal to using your investment
- Longer term would allow for agro-forestry
- Potential for other crops besides trees crops could be biofuel crops or other forms of energy generation

Written Testimony Act 90

Stephen DeLuz <pcchauling@gmail.com>

Sun 8/22/2021 7:50 AM

To: act90written <act90written@capitol.hawaii.gov>

I am for transferring agricultural land from DLNR to the Hawaii Department of Agriculture. Back in 2005, DLNR took back prime grazing land, a substantial parcel of land we were leasing. We had to sell nearly 75% of our 1500 head of breeding stock, with a loss of over \$350,000 annually in revenue. It was difficult to find other pasture land to lease for our remaining livestock, to keep our ranch viable.

In order for the rancher to be successful, the land that is already used for grazing needs to remain grazing land. When looking back, the amount of land used for grazing is down to 20% or less.

As a Rancher, we continue to be good stewards of the land. We are constantly making improvements, such as improving the water supply system-building large lined ponds with water catchments, brush management and planting of grass. Working with NRCS, these improvements contribute to our economy, putting in nearly \$400,000 worth of improvements over the past 3 years. We supply the local markets with grass fed beef, which contributes to the sustainability of our island.

Puu Waa Waa Cattle Co, LLC

P.O. Box 2030

Honokaa, HI 96727

Stephen A. De Luz: (808) 936-4507

FAX: (808) 775-0704



August 21, 2021

Re: Act 139. SLH 2021

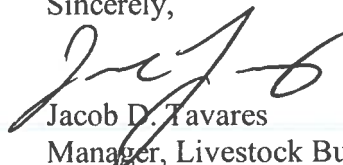
Co-Chair Inouye, Co-Chair Tarnas and members of the working group:

Parker Ranch, Inc. continues to support the intentions of Act 90. 18 years ago, when Act 90 was originally put into law, Hawaii's legislature recognized the need to ensure that agricultural producers had access to leases that would allow them to more securely operate, steward, and invest in the land. The recognition of those legislator's collective decision to pass Act 90 in 2003, is even more true today.

We appreciate and will continue to support DLNR's mission of enhancing, protecting, conserving, and managing Hawaii's unique and limited natural, cultural, and historic resources. The Department of Agriculture's mission focuses on and understands the necessities of agricultural producers and agricultural land stewards. For the purposes of stewarding agricultural lands, it is critical that producers throughout the state who have the mana'o and will, are provided with lease structures that enable the long-term planning and investments required of these lands.

Though we recognize that a more comprehensive, strategic statewide water and land use strategy needs to be developed to enable a more resilient and sustainable local food production system, we believe strongly that the implementation of the directives laid out in Act 90 move the state closer to reaching food security goals.

Sincerely,

A handwritten signature in black ink, appearing to read "Jacob D. Tavares", is written over a light blue horizontal line.

Jacob D. Tavares
Manager, Livestock Business Operations
Parker Ranch, Inc.

Testimony of Jason and Jeri Moniz – KK Ranch, Inc.

Thank you for the opportunity to testify before the Act 90 working group.

In 1832 Kamehameha III brought over from California (Mexico) three celebrated Mexican-Spanish vaqueros to work the ranges and teach Hawaiians to become more efficient in the handling of cattle and horses. The vaqueros started working out of Hanaipoe on the slopes of Mauna Kea.

Hanaipoe, General Lease 4475 almost 200 years later continues to be part of Hawaii's beef cattle industry. Ninety-nine percent (99%) of what was originally a 7200-acre pastoral lease is today 5100 acres of 22 different species of pastoral grasses that is harvested by beef cattle to produce a high quality protein food. Until Hawaii's feedlots closed in the early 1990s, 100% of our production was harvested and marketed in the State. Today 100% of our cows and bulls and a growing percentage of our heifers and steers enter the local market. Jeri has worked religiously over the past 15 years, first assisting with, and then chairing the Taste of the Hawaiian Range, promoting the local marketing of local beef and other agricultural products. Many local chefs and culinary students have participated over the years learning to utilize local beef and other agricultural products. During the Covid pandemic we realized people were without work and needed food. Hawaii's beef cattle were a very liquid source of food. Our slaughter plants remained open and increased throughput to keep product on our store shelves and thousands of pounds were donated through the Hawaii Farm Bureau, NGOs and other charities to reach local families. Jeri again went to work as Chair of the Hawaii Cattlemen's Council Marketing Committee to seek and coordinate beef donations statewide. Hawaii's beef industry works continuously to expand local marketing. It's insulting and puts us on the fight to hear criticism that Hawaii beef cattle producers are not contributing to the effort to make Hawaii sustainable in food production.

We personally advocated for and supported Act 90 back in the early 2000s due to our experiences as DLNR lessees and particularly with the withdrawal of 2100 acres (1/3) of our lease, to mitigate the realignment of the former Saddle road through Palila critical habitat near the PTA. That taking occurred without fair compensation and nearly bankrupted us if not for flexibility afforded us by our creditors, the late Mr. Richard Toledo and Mr. David DeLuz. DLNR Regulations that were in place failed to provide for fair compensation for withdrawals from the pastoral leases. DLNR fought most efforts to amend their regulations to prevent similar future impacts from withdrawals. Throughout the withdrawal process it was clear to us that DLNR's mission was not aligned to support agricultural entities, and it was clearly not their priority to make changes to be more supportive. After ten years and 15 million dollars failed to reestablish a Palila population on the North Slope of Mauna Kea on the withdrawn lands, the mitigation efforts were abandoned. Despite this DLNR chose not to return those lands to pastoral use but instead held them for other conservation purpose again demonstrating to us their priorities were not aligned with agriculture. Recent efforts by DLNR to acquire lease authorities similar to HDOA could potentially be helpful, but lessees are skeptical of DLNR's intents, including allowing the leases to remain in pastoral use and have therefore not been supportive.

All of that being said, prior to the Covid outbreak Jeri was introduced to Bob Matsuda and the three of us began to have dialog over Act 90. Unfortunately Covid and contentious legislation separated us. Within the past month we reconnected with Bob and offered again to use our lease as a trial or experiment to see if we could come to a workable agreement while remaining under the management of DLNR. I also asked Bob to think outside the box because I still think HDOA would be a better fit. However, we are committed to see this through. Bob and we believe that what DLNR, and we as pastoral lessees, want to accomplish are not that far apart. We all agree that we need to move quickly to see this through and my hope is we are successful and other lessees may view it as a way forward. To be very

transparent, and I hope this doesn't put Bob in a bad spot, we agreed to the following. During this process Jeri and I will stop campaigning to move our lease from DLNR to HDOA. For the process to move forward we also told Bob we needed assurance from DLNR that the pastoral leases would not be taken out of cattle production going forward. Granted that is not specifically defined, but our expectations would be the net overall outcome is no net loss in economic production. Hopefully it is not a surprise to anyone on this committee that the ranch is our business and it is that important second and sometimes third job required for people to survive in Hawaii.

To go into more detail would take too much of your time, but I do request that you make time to come to the ranch where a picture is worth a thousand words.

Thank you again for the time and effort you are putting into this.

To: Act 90 Working Group

RE: Lease Transfers from Department of Land & Natural Resources to Department of Agriculture

Aloha,

My name is Jodi De Luz. I am a 3rd generation rancher in Hawaii. My grandfather Ernest De Luz has held a lease with DLNR on Mauna Kea since 1986. My fiancé's family also has a DLNR lease on Mauna Kea. Our lives are dedicated to these ranches. They are the livelihood of our families. I have learned so much from being stewards of these lands. The hard work and dedication it takes to operate a large ranch in Hawaii is tremendous. There is no one that would care for these lands better than a rancher. Our lives depend on these lands and we will do everything it takes to protect and care for them. In my 34 years of being a part of these lands, we have had fires. These fires could have been devastating to these lands. They could have burnt thousands of acres and hundred year old trees, but they didn't. The reasons:

- 1) These lands are our livelihood. We will do everything in our power to protect them.
- 2) These lands are cared for and tended to daily. Ranchers keep equipment on their land to protect them. If these lands were vacant, the overgrowth would be extreme causing a larger scale fire. Also, equipment wouldn't be readily available on the land. Also, every lease quickly jumps in to help the other.

These lands need to be kept in agriculture. Livestock is one of the only industries that can hold strong in Hawaii. We need to work to keep Hawaii self-sustained. We live on a tropical island and can easily be cut off of our resources with one large scale storm or disaster. Livestock can handle the extremes of drought and wet weather. Yes, I know people say, "yeah, but most of the livestock is sent away", "why aren't more local grain fed beef available?" Yes, that is true. Most operations are operated as a cow/calf. Meaning, calves are raised and sold at weaning (6-9 months old). These calves are usually shipped to that mainland and finished there. There are a few reasons for this:

- 1) The state does not have enough resources to slaughter the large quantity of livestock needed to provide the state with local beef. There is limited slaughter houses and they are always fully booked already. They can't even help ranchers with cull slaughtering that are needed to maintain a healthy herd of cattle.
- 2) To finish cattle for slaughtering, it takes approximately 36 months. Ranchers need more land with grass to finish these cattle locally. The land is continually taken away from ranchers, for conservation. This needs to "STOP". Ranchers are excellent stewards of the land. We work hard to keep out invasive plants (the more invasive foliage, the less grass and graze able land).

I believe putting these land in conservation would be devastating. DLNR is already so overwhelmed with the amount of land they already need to steward. In my opinion, they don't do a very good job at that already. Yes, they fence it in and trees grow, but what about all the other invasive plants that grow along with it? What about the extreme fire hazards it poses? What good is conservation and tree growth when it all goes up in flames? Like I had said previously. We have encountered fires. Most of these fires people don't know about, because we take care of them ourselves. Most of these fires are started by Mother Nature. It is very common to have lightning strikes.

There is so much more that can be said, I hope the decision to transfer these lands to DOH is made. It would be one of the best things for Hawaii. It would be great that we could continue to pass down through the generations, this important way of life. Providing for our families and the people of Hawaii. Thank you so much for your time. If you have any other questions or concerns and would like to contact me directly, I am available via email: jodi.deluz@gmail.com or phone: (808) 937-3798.

Mahalo,

Jodi De Luz

Act 90 Working Group 08-23-2021 MCA Comments

William and Anne Marie Jacintho <jacinthow001@hawaii.rr.com>

Mon 8/23/2021 10:48 PM

To: act90written <act90written@capitol.hawaii.gov>

Aloha Co-Chair Inouye, Co-Chair Tarnas and Members of the Working Committee,

The Maui Cattlemen's Association requests that the Committee take to heart what the ranchers here today are saying, and supports the Hawaii Cattlemen's Council's Testimony. MCA would like to highlight parts of HCC's Testimony as expressed here....

"that our stance is in support of transferring agricultural lands from DLNR to HDOA."

"transferring the lease to HDOA is necessary as it will assure the leaseholder that agricultural production will be prioritized."

"Economic sustainability allows the ranchers to implement the conservation practices that are necessary to steward the land and resources well."

...as well as the key excerpts from Bremer.

Rangelands positively contribute to both producing food and maintains forest areas under proper management. I believe we can find a balance.

Mahalo,

William Jacintho,

Maui Cattlemen's Association, President