



# Food Company Hawaii

1116 Whitmore Avenue Wahiawa, Hawaii 96786

## LATE TESTIMONY

February 1, 2008

Honorable Ken Ito, Chair, Committee on Water, Land, Ocean Resources & Hawaiian Affairs  
Honorable Clift Tsuji, Chair, Committee on Agriculture  
Hawai'i State Capitol, Conference Room 325  
415 South Beretania Street  
Honolulu, HI 96813

**RE: HB 2357 and HB 2359, and HB 2684, RELATING TO AGRICULTURAL LANDS -  
OPPOSE**

Chairs Ito and Tsuji and Members of the Committee:

I am Dan Nellis, Operations Director of Dole Food Company Hawaii ("Dole"). Thank you for the opportunity to share our views on **HB 2357, HB 2359, HB 2684** Relating to Important Agricultural Lands.

We oppose this bill and ask instead for your support of HB 2807, which would provide incentives to landowners who designate their land as important agricultural lands, and for HB 2808, a bill to provide comprehensive list of incentives and protections to establish and sustain viable agricultural operations on important agricultural lands.

Dole supports the establishment of meaningful incentives for all impacted landowners who voluntarily designate their valuable agricultural lands as a condition to implementing the Important Agricultural Lands (IAL) Act. But it is imperative that such a comprehensive package of incentives include meaningful and adequate options for all land owners in different situations, not just independent farmers and small land owners. These bills provide a comprehensive set of incentives to entice large and small operations and large and small land owners to voluntarily designate their properties as IALs.

As you consider IAL legislation, please remember that it is important that any IAL package include a sufficient variety of incentives such that there is attraction for voluntary designation in a multitude of scenarios. The intent of the IAL was to set policies for and to establish the framework for identifying important agricultural lands; however, it should also provide for the development of true incentives for agricultural viability in Hawai'i.

While we supported the multitude of the incentives introduced last year that were geared toward tenant farmers and owners of relatively small parcels of agricultural land, we believed the offering fell short of addressing the needs or concerns of owners of larger parcels of contiguous agricultural land for the following reasons:

- Owners of larger, fallow agricultural land incur higher property taxes;
- Higher operational and maintenance costs associated with trash removal, insurance, maintenance of irrigation systems, maintenance of roads, security, removal of abandoned cars, squatters, cutting of fire breaks, liability issues, lease administration, and so forth are also incurred by large property owners; and
- While we support diversified agriculture, leasing land is not very profitable – it is merely a means of minimizing operational and maintenance costs by occupying vacant land with some form of agricultural pursuit, in which small agriculture operators often struggle to break even.

If the support of diversified agriculture is a constitutional mandate to meet a compelling public interest and our agricultural land is to be down-zoned to achieve this purpose, we believe it is unreasonable to expect landowners to bear the brunt of subsidizing this public interest. Instead we should broaden incentives that (in addition to those that may help tenant farmers) promote agriculture through benefits and compensation to owners of large parcels of contiguous agricultural land.

Landowners would receive a true incentive, benefit and compensation for the down-zoning of their land resulting from IAL designation at no cost to the counties or State. In fact, the counties and the State would receive a tax benefit from this arrangement. The counties will benefit through higher property tax collections on the land that gets developed. The state will benefit through increased farm revenue plus the GET and income tax on the development activity. In addition, the land in the rural district will serve as a buffer between the urban district and the agricultural district, thus mitigating the conflicts between the uses.

For these reasons, we ask you to vote no on HB 2357, HB 2359, HB 2684 and instead support the incentives in HB 2807 and HB 2808 that help achieve the goal of providing real incentive to owners of large contiguous parcels of agricultural land.

As always, we are grateful for the opportunity to share our views with you.

Sincerely,  
Dan Nellis  
Operations Manager, Dole Food Company Hawaii



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**RE: HB 2357 and HB 2359, and HB 2684, RELATING TO AGRICULTURAL LANDS -  
OPPOSE**

Chairs Ito and Tsuji and Members of the Committee:

I am Harry Saunders, President of Castle & Cooke Hawai'i. We appreciate the opportunity to share our views on the following bills, HB 2357 and HB 2359, and HB 2684, RELATING TO AGRICULTURAL LANDS, which we opposed

We ask you to defer these bills indefinitely and ask instead for you support HB 2807, which would provide incentives to landowners who designate their land as important agricultural lands, and for HB 2808, a bill to provide comprehensive list of incentives and protections to establish and sustain viable agricultural operations on important agricultural lands.

Over the interim, the Land Use Research Foundation (LURF) and the Hawaii Farm Bureau Federation ("Farm Bureau") have been at work developing a comprehensive package of Important Agricultural Lands (IAL) incentives. Together members of LURF and the Farm Bureau have come together on several incentives that target active agribusiness operators and draw landowners like Castle & Cooke Hawai'i to commit substantial lands for IAL designation. The fruition of this consensus building exercise is HB 2807 and HB 2808, which we support.

From our perspective, agricultural production is not always the highest and best use of agricultural lands otherwise we would grow and/or lease more fields to encourage active cultivation. And, as our population continues to increase, we see that the need for new housing will continue to grow. How do we balance the state's mandate to designate IALs to promote diversified agriculture and the state's mission to provide more affordable homes for residents while maintaining our assets to minimize our financial losses?

Castle & Cooke Hawai'i consists of the Hawai'i subsidiaries of Castle & Cooke, Inc. which include Castle & Cooke Homes Hawai'i, Inc., Castle & Cooke Properties, Inc., Castle & Cooke Resorts, LLC and other subsidiaries

As a landowner in Hawaii, Castle & Cooke must balance and diversify our business operations and ventures to sustain and continue our presence in Hawaii if we expect to continue the legacy established by Mr. Cooke and Mr. Castle in 1851. Income generated by leasing agricultural lands is negligible and does not cover operating and maintenance costs such as insurance, road or irrigation maintenance, trash removal and the like. Leasing has become a means to minimize our operational and maintenance costs. We in effect subsidize the operation of tenant farmers on our agricultural lands. Thus, maintaining a program of supporting diversified agriculture (i.e. cultivating crops and leasing property to tenant farmers) must be subsidized by our other operations, like developing homes for our island families.

To draw in large landowners like us to voluntarily designate large tracts for IAL, one must consider that landowners need a fair incentive to offset the diminishing value of assets dedicated to IAL. For landowners, we need incentives that allow greater flexibility of permissible uses for agricultural lands that are not dedicated as IAL. It also allows landowners to petition the LUC to voluntarily designate agricultural lands to IAL in exchange for a district reclassification of other Agricultural lands to Rural, or to Urban so long as the reclassification is consistent with the relevant county's general, urban or sustainability plan. And by allowing properties in Rural districts to include agribusiness activities (i.e. horticulture, apiculture, aquaculture, livestock, plant nurseries), farm-worker housing, and affordable housing for households with incomes at or below 140% median as established by HUD, we will have the infrastructure we need to build a community in support of diversified agriculture in Hawaii.

We would like to note that this incentive does not create a drain on the state's treasury since this is not a monetary incentive. On the contrary, this incentive will create jobs, tax revenue, and affordable housing while protecting important agricultural lands.

**For these reasons we ask you to defer the following bills indefinitely: HB 2357 and HB 2359, and HB 2684.**

Mahalo for your interest in hearing our position. Should you have any questions, feel free to contact Carleton Ching, Vice President of Government and Community Relations, at 548-3793, or Mark Takemoto, Natural Resources Administrator at 548-6656.

Sincerely,

Harry A. Saunders  
President

COMMITTEE ON WATER, LAND, OCEAN RESOURCES & HAWAIIAN AFFAIRS  
Representative Ken Ito, Chairman, Representative Jon Riki Karamatsu, Vice Chair

HOUSE COMMITTEE ON AGRICULTURE  
Representative Cliff Tsuji, Chair, Representative Tom Brower, Vice Chair

DATE: Friday, February 1, 2008

TIME: 8:30 AM

SUBJECT: hb 2684 relating to important agricultural lands

Good Morning

My name is DeGray Vanderbilt. I am current Chairman of the Molokai Planning Commission and member of the Molokai Water Working Group that is advisory to the State Commission on Water Resource Management.

Today I am testifying as an individual.

The entire island of Molokai is a designated water management area due to the fact that projected development plans on the island exceed the availability.

Today our agricultural water resources are maxed out, and our massive Molokai Irrigation System is actually running at a deficit, in other words there is more water demand on existing ag operations than the Molokai Irrigation System is able to supply.

Due continual climate changes, which the development community and government continue to ignore, stream flows are down 50% from what they were 25 years ago. As a result the water supply capability of the Molokai Irrigation has declined by approximately that same 50% amount during the last 25 years.

I have lived on Molokai for 30 years. During that time little has changes, and agriculture has continued to thrive despite continual challenges resulting for actions by the state administration and legislators who more often than not are passing or proposing laws related to agriculture that are not generated by farmers or community initiative, but rather by developers with short term agendas that continue to be allowed to manipulate the system to use ag merely as a holding mechanism until land values escalate at which time laws are changed, similar to some of the ones you are proposing today, and the highest and best use for land and the profits that go with those uses are reaped by the land owners at the expense of sustainable agriculture for the production of food for future generations.

And the big landowners don't come out to face the music at these public hearing, they have the Land Use Research Foundation, or the Hawaii Board of Realtors, who needed to keep that 6% sale commission coming in, to appear before you.

The objectives of major landowners and their LURFs is to maximize land value which they see as a commodity to make money with, while the dirt farmers who are the key to Hawaii's sustainable sees agricultural lands as a resource.

While the LURFs and Realtors are appearing before you on behalf of the major landowners, the landowners have their, what I call glowworms, crawling around the legislature day in and day out watch

your every move and countering anything that seems contrary to the interests of the landowner who is paying their salary.

Farmers are in the fields trying his best to contribute to a sustainable economy, trusting that you will do the right thing for sustainable agriculture, but not sacrificing its perpetual objective in order to maximize shareholder value for the major landowners, who many refer to the "stakeholders".

The real stakeholders are the farmers in the fields, the community groups that are seeking a sustainable future, and protecting a values and experiences of local lifestyle for future generations to enjoy.

You legislators are the people's lobbyist, the lobbyist for the hard working farmers who can't be here today because they are working and do not have the riches to hire the LURFs to represent them. And you acknowledge that you are their champion in this HB2808 that is before you today noting that, and I am quoting from the text of the Bill..... **"The legislature, as elected representatives of the people of Hawaii, is in the best position to identify such public trust and values."**

However in HB2808 it goes on to say, "Uses under the public trust, however, do not remain fixed for all time but must conform to changing public values and needs." This is like we hear on Molokai, "You can't stop progress".

To me progress is good. So when House Bill 2808 says the legislators are in the best position to identify public trust and values, whose trust and value are the majority of legislator's looking out for ..... the major landowners' or the people's.

Legislators are continually failing to learn from the past and seem they have to adapt and perpetuate the steamroller that threatens any chance for our island's to become sustainable for working families. If you are wealth you can find sustainability in any environment...you can buy quality of life.

Molokai covets the past and relies on the past to chart its future course for future generations. The state's 2050 sustainability plan is a fruitless effort to try and have the rest of the state get back to being like Molokai has continued to be...an island that is more in balance than anywhere else in the state, an island that has managed to preserve a local lifestyle and the values associated with that lifestyle.

I want to read the words of someone who has a unique and powerful connection to Molokai that brings a different perspective to the helter-skelter, uncontrolled, and unplanned growth that is continuing to compromise the efforts of the people working for a truly sustainable Hawaii.

"In the very beginning, when people first came to these islands, they began to use up the resources of the land. As three generations passed and populations grew immensely, the resources of the land began to dwindle. This caused much strife and hardship."

Out of this time of uncertainty, the first stewardship organizations in the island's called the "aha ki'ole or people's councils, were formed."

"We are at another point in Hawaii's history when we have to relearn how to take care of the land. We need to understand the wisdom of the past and let that guide us today.

Now money is the guide. Protecting the land won't work if money is the ultimate goal. When money is the guide it becomes the ultimate destroyer."

People who lived in the ahupua'a had the last say about how their resources would be used. Whereas now, outsiders come in and tell communities what to do. That's the pilikia (trouble).

A lot of communities nowadays feel powerless because they know what's best for them, but they don't have the authority to enact that. I believe any approach must be based on being pono, or true to intent.

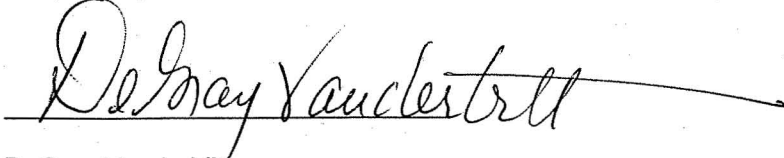
We must follow our na'au, or gut and not just our intellect.

Communities want to draw from the past, but it's difficult now that they have no power.

In ancient times, the leaders were pono. They knew how dependent they were on the environment and they all worked together to make sure that resources were preserved. We need to think like that again"

These are the words of Kumu John Ka'imikaua one of Hawaii's most revered historians and cultural specialist and a true friend of Molokai. At the age of 14 fate introduce John to a ninety-year-old Molokai woman named Ka-wahine-kapu-hele-i-kapo-kane. She taught him 156 chants, the shortest which consists of 928 lines. Before she passed away, Kawahine entrusted John with her genealogy.

Respectfully submitted

A handwritten signature in cursive script that reads "DeGray Vanderbilt". The signature is written in black ink and has a long horizontal line extending to the right from the end of the name.

DeGray Vanderbilt