

100 Kahelu Avenue Mililani, Hawaii 96789-3997 P.O. Box 898900 Mililani, Hawaii 96789-8900 (808) 548-4811 Fax (808) 548-6670

February 22, 2008

Honorable Marcus Oshiro, Chair, Committee on Finance Hawai'i State Capitol, Conference Room 308 415 South Beretania Street Honolulu, HI 96813

RE: HB 2807, HD1 RELATING TO LAND USE

Committee on Finance, February 22, 2008, 1 PM Room 308

Chair Oshiro and Members of the Committee:

I am Harry Saunders, President of Castle & Cooke Hawai'i. We appreciate the opportunity to express our views on HB 2807, HD1, relating to land use.

The intent of Act 183 (2005) "is not only to set policies for important agricultural lands and to identify important agricultural lands but also to provide for the development of incentives for agricultural viability in Hawaii, particularly for agricultural enterprises that farm important agricultural lands and for landowners of important agricultural lands. These incentives would be designed to promote the retention of important agricultural lands for viable agricultural use over the long term."

We strongly feel that a comprehensive incentive program for both farmers and landowners is essential to move IAL forward. And we respectfully point out that LAND is the key component to this issue and its use and benefit to address farmers and landowners must be considered.

Initially we supported the intent of this bill, but we now have serious concerns with specific changes made in the HD1, such as the requirement that IAL dedications be made in perpetuity. Not only does this change stray away from the original intent of this bill, we believe it is not sound policy to designate land use in perpetuity.

The initial intent HB, 2807 was to "incentivize" agricultural landowners to designate large tracts of suitable agricultural lands as IAL. HD1 amendments make it less attractive to land owners and are a disincentive for the following reasons:

• IAL in perpetuity is not equitable and does not allow for future conditions. IAL already requires a 2/3 super majority to re-designate IAL. And, perpetuity does not guarantee a successful agribusiness operation. If the intent is to keep it in perpetuity, the state should buy it to preserve agriculture.

- Over time it could be problematic for farmers who own their land when they find out it may not be worth as much for the purpose of collateralizing a loan;
- Section 4 of this bill sets inconsistent standards for land to be designated into IAL, which are unfair to landowners.
- The addition of criteria #4, which adds the Land Study Bureau (LSB) rating system in addition to the ALISH system, could create incompatibilities for some landowners.

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? We offered two incentive proposals for your consideration last year which were not taken up: a master lease of IAL to the state and transfer of the state land use district, which is why we are hopeful for a meaningful incentives package for this year.

We would like to note that if done correctly 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 your Committee to allow continued discussion on this bill and allow time for further refinements to HB 2807, HD1.

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



February 22, 2008

The Honorable Marcus Oshiro, Chair and Members House Committee on Finance Hawaii State Capitol, Room 308 Honolulu, HI 96813

BY E-MAIL

Subject:

Testimony on House Bill No. H.B. 2807, HD1 Relating to Land Use (IAL Incentives: affordable housing on rural lands and concurrent IAL designation and rural and urban reclassification)

Dear Chair Oshiro, Vice Chair Lee, and Members:

My name is David Arakawa, Executive Director of the Land Use Research Foundation of Hawaii (LURF), a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable and rational land use planning, legislation and regulation affecting common problems in Hawaii.

We appreciate the opportunity to provide our testimony in general support of H.B. No. 2807, HD1, but with several comments and recommendations.

H.B. No. 2807, HD1. This proposed bill would offer two incentives for landowners to designate their lands as Important Agricultural Land("IAL"): First, it would allow affordable and workforce housing on rural lands and secondly, it would also allow farmers and landowners who file petitions with the State Land Use Commission for the designation of IAL to also seek a concurrent reclassification of land in another agricultural district to a rural or urban district, if said reclassification is consistent with the relevant county general plan (the county general plan process provides the opportunity for multiple public hearings and comments, and there will be further county review and public review during the county zoning process).

<u>H.B. No. 2807, HD1 Revisions</u>. LURF has several comments regarding the following new provisions in HD1 version:

o The "in perpetuity" should be deleted and replaced with language that would confirm the intent of Act 183, and allow the State Land Use Commission to craft conditions for withdrawal which are flexible, fair, equitable and consistent with Act 183. While the intent of Act 183 was "to promote viable agricultural uses over the long-term," it also

FINtestimony

From: Alan Murakami [almurak67@gmail.com]

Sent: Friday, February 22, 2008 10:59 AM

To: FINtestimony

Subject: HB 2807

HOUSE OF REPRESENTATIVES

COMMITTEE ON FINANCE Rep. Marcus R. Oshiro, Chair Rep. Marilyn B. Lee, Vice Chair

HEARING on HB 2807

DATE: FRIDAY, February 22, 2008

TIME: 1:00 P.M.

PLACE: Conference Room 308

I oppose the concept behind HB 2807 and urge you to HOLD this bill.

The concept of packaging a designation of important agricultural lands (80%) with a reclassification of other lands (20%) of the same landowner to urban or rural district is a distorted way to promote either rationale land use planning or protection of agriculture. While the packaging is supposed to be consistent with land use plans, there is a basic flaw in presuming that affordable housing belongs on land currently classified for the Ag District. This notion completely ignores the fact that the State Office of Pllanning recently found that there are tens of thousands of acres of lands already classified Urban that are available for housing development.

The coupling of 20% of one's land for reclassification to Urban or Rural with the designation of important agricultural lant is no more than a gift to speculative investments in what will likely be luxury residential housing and urban or suburban sprawl across this state. It will literally open up the floodgates for more of the same kind of agricultural subdivisions proliferating across the state already, but this time without violating permissible uses in the Ag District. At the very least, it is a transparent attempt to transform and important exercise (identify IAL) with unlocking the door that is supposed to put a cap on urban sprawl and land speculation that ultimately kills off agriculture.

Furthermore, by exempting this process from the provisions of HRS sec. 205-4, this process will bypass any procedural protections available to communities opposed to this kind of bad development by stripping interested parties of the right to a contested case hearing under HRS chapter 91. This procedure has been the only obstacle to unmitigated devastation of rural communities throughout the state, where money and power will override any rational land use planning or protection of agricultural acitivities and land. This is one reason alone to kill this bill.

Disguising attempts to expedite land development for luxury residential subdivisions by coupling it with the designation of IAL is neither logical nor wise. It would disregard and undermine real attempts at sustaining small farms by ignoring externalities of allowing reclassifications of agricultural land with no serious thought of the consequences. Amending the standards and permissible uses in the Rural District without greater community input is also an invitation to greater social conflicts and expensive litigation in the future.



The only rational approach is to defer all the ad hoc legislation being thrown at the public under the disguise of identifying important ag lands, and invest in a facilitated community-based discussion amongst all important stakeholders in the agricultural and rural sectors to come up with a consensus approach to amending the standards and permisible uses in the Rural District, which will be the key buffer between incompatible Urban land uses and true farming on Ag District lands. That investment will reap more harmony and less conflict in future deliberations over land use in Hawai'i. The failure of the counties to perform this function under Act 205 (SLH 2005) signaled the start of the confusion and ad hoc proposals now being made 3 years later. The time to stop the madness is now.

Kill this bill and instead support the grant-in-aid request being supported by a broad coalition of advocates for the protection of a sustainable egricultural economy in Hawai'i. I would be pleased to elaborate on this proposed format should you need more information.

Alan T. Murakami 721-3070



February 22, 2008

The Honorable Marcus Oshiro, Chair and Members House Committee on Finance Hawaii State Capitol, Room 308 Honolulu, HI 96813

BY E-MAIL

Subject:

Testimony on House Bill No. H.B. 2357, HD1 Relating to Agricultural Lands

Dear Chair Oshiro, Vice Chair Lee, and Members:

My name is David Arakawa, Executive Director of the Land Use Research Foundation of Hawaii (LURF), a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable and rational land use planning, legislation and regulation affecting common problems in Hawaii.

We appreciate the opportunity to provide testimony in <u>support</u> of H.B. No. 2357, HD1. LURF also generally supports H.B. No. 2807, HD1, which together with H.B. 2357 HD1, are major steps towards providing the land owner incentives to designate Important Agricultural Lands ("IAL"), pursuant to §205-46 of the Hawaii Revised Statutes ("HRS") and Act 183, Session Laws of Hawaii ("SLH") 2005. We respectfully request that the Finance Committee pass both H.B. No 2357, HD1 and H.B. No. 2807, HD1 (with the amendments suggested by LURF). H.B. No. 2357, HD1 and H.B. 2897, HD1 are major positive steps in the right direction, but further work will be needed before the issuance of a declaration of satisfaction of implementing incentives under Act 183. "The clock should not start" on IAL designations until there is a comprehensive IAL incentive package that addresses both landowner and farming interests. The provisions of H.B. No. 2357, HD1, together with a majority of the provisions of H.B. 2807, HD1, are major positive steps towards providing the land owner incentives to designate IAL, pursuant to HRS §205-46 and Act 183, SLH 2005. However, Act 183 calls for a comprehensive package of meaningful landowner incentives at the state and county level, so we anticipate further work to be done by the agricultural and landowner stakeholders, by state legislators relating to this IAL incentive legislation, as well as by county administrators and council members with respect to incentive legislation with the counties, before a declaration of satisfaction can be issued relating to the requirements of HRS §205-46 and Part II, §9 of Act 183, SLH 2005 have been fully met.

H.B. No. 2357, HD1. This proposed bill would provide incentives to establish and sustain viable agricultural operations on important agricultural lands, including the following:

- PART II State Income Tax and General Excise Tax ("GET"). Exclusion from income tax and exemption from GE tax collected on IAL leases. This bill would amend Chapter 235, HRS by adding a new section that would allow rental income from agricultural leases on IAL to be excluded from gross and adjusted gross income, and taxable income, under certain conditions. This measure would also exempt rental income derived from agricultural leases on IAL from the general excise tax law, under certain conditions;
- PART III <u>Residential (Agricultural Workforce) Housing.</u> Allow agricultural workforce dwelling units on IAL lands for farmers, employees and their immediate family members who actively and currently farm on the IAL lands. Total land area for housing shall not exceed an unspecified percentage of total IAL and must be supported by an Agricultural Plan which is approved by the DOA;
- PART IV Important Agricultural Land Qualified Agricultural Cost Tax Credits. Provides tax credits for qualified agricultural costs for plans, design, engineering, construction, renovation, repair, maintenance and equipment primarily for agricultural purposes: roads, utilities, agricultural processing facilities, water wells, reservoirs, dams, water storage facilities, pipelines, ditches or irrigation systems, agricultural workforce housing, other related professional costs. The five (5) years of tax credits are as follows: 50% of qualified agricultural costs for the year the costs are expended; 20% for the following year; and 10% for the following three (3) years. Includes refundable tax credit to support farmers with limited income. The maximum caps for these credits shall be set by the legislature. Every taxpayer who applies for the credits shall submit an annual written statement which will include information which will allow the quantitative and qualitative assessment of the outcomes of the tax credit to be determined. The Department of Agriculture ("DOA") in consultation with the Department of Taxation (DOTAX), shall submit an annual report evaluating the effectiveness of the tax credit, and findings and recommendations to improve the effectiveness of the tax credit to further encourage the development of agricultural businesses;
- PART V Loan Guaranty Program for Important Agricultural Lands. Financing is also a critical component of the long-term viability of agriculture on IAL. This would allow the Chairperson of the Board of Agriculture, after consultation with the Director of Finance (confirmation of sufficient funds), to guarantee loans made by commercial lenders (authorized to do business in Hawaii) to agricultural producers to develop and implement agricultural projects on IAL. The terms of the loans shall be as follows: for operating costs ten (10) years, for capital improvement costs twenty (20) years. The interest rate charged on the loan shall be one percent below the commercial lender's prime rate. The loan guarantee may be for up to eighty-five percent (85%) of the outstanding principal amount of the loan, but shall not include fees or accrued interest. The maximum amount of the loan shall not exceed \$2.5 million;
- PART VI <u>Information for State DOA Agricultural Water Use and Development Plan and Master Irrigation Inventory Plans</u>. The proposed bill would include the following:
 - Require the inventory to cover both public and private irrigation water systems;

 Add the identification of source of water used for agricultural operations, particularly those on IAL;

o Add the identification of current and future water needs for agricultural

operations, particularly those on IAL; and

Add that each county water use and development plan include a status of water and land development on IAL.

- PART VII State Priority Permit Processing for Agricultural Processing Facilities. Requires any applicable state agency issuing permits to establish and implement a procedure for the priority processing of permit applications and renewals, at no additional costs, for agricultural processing facilities which process crops or livestock from an agribusiness with a majority of lands held, owned, or used as IAL.
- PART VIII <u>Declaration of Satisfaction</u>. This provision declares that this Act establishes the incentives for the designation of IAL in satisfaction of section 205-46, Hawaii Revised Statutes ("HRS"), and section 9 of Act 183, Session Laws of Hawaii 2005 (SLH").

Support for the Farm Bureau and LURF Omnibus IAL Incentives Package. The legislature is fully aware of the significance in the successful passage, just two years ago, of Act 183 Relating to Important Agricultural Lands. Act 183 established policies and procedures for the identification of IAL and provides a process to develop protection, incentive measures and agricultural viability for IAL. Act 183 also established certain "milestones" for performance on the part of the legislature, administration, private landowners/farmers, and the Counties. The Act was a direct result of building consensus on areas of agreement as opposed to focusing on areas of disagreement. Act 183 represents a collaboration of a variety of different interests groups, community representatives and agricultural stakeholders, including the Hawaii Farm Bureau Federation ("Farm Bureau") and LURF.

LURF's Comments.

- > Revisions to original Farm Bureau/LURF IAL Incentives Package (H.B. No.2808), now deleted in H.B. 2357, HD1. A number of farmer and landowner incentives were deleted in the HD 1 version, including the following: real property tax credit, the Water Code public trust doctrine amendments. HD 1 also deleted the provisions relating to workforce housing on rural lands, and concurrent designation of IAL and reclassification of other agricultural lands to the rural district. However, these provisions relating to workforce housing and concurrent designation and reclassification are still a part of H.B. 2807, HD1, which is also on the agenda for approval by the Finance Committee this afternoon.
- ➤ PART VII, the "declaration of satisfaction" provision, should be deleted. Further discussions and work will be necessary by the farmers, landowners and legislators this session, as well as with the counties. A declaration of satisfaction is premature at this time, because it depends on the final versions of H.B. No. 2357, HD1 and H.B. No. 2897, H.D. 1. We believe that if all the parties work together (including the counties), perhaps such a declaration could be made by the end of 2008 or early 2009.

<u>Conclusion</u>. LURF urges the Finance Committee to approve <u>both</u> H.B. No. 2357, HD1 and H.B. No. 2807, HD1 (<u>with the amendments</u> proposed by LURF in its testimony on

H.B. 2807, HD1). H.B. No. 2357, HD1 and H.B. 2897, HD1 are major positive steps in the right direction, but further work will be needed before the issuance of a declaration of satisfaction of implementing incentives under Act 183.

"The clock should not start" on IAL designations until there is a comprehensive IAL incentive package that addresses both landowner and farming interests. The provisions of H.B. No. 2357, HD1, together with a majority of the provisions of H.B. 2807, HD1, are major positive steps towards providing the land owner incentives to designate IAL, pursuant to HRS §205-46 and Act 183, SLH 2005. However, Act 183 calls for a comprehensive package of meaningful landowner incentives at the state and county level, so we anticipate further work to be done by the agricultural and landowner stakeholders, by state legislators relating to this IAL incentive legislation, as well as by county administrators and council members with respect to incentive legislation with the counties, before a declaration of satisfaction can be issued relating to the requirements of HRS §205-46 and Part II, §9 of Act 183, SLH 2005 have been fully met.

LURF appreciates the opportunity to express our views on this matter.



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February 22, 2008

Honorable Marcus Oshiro, Chair, Committee on Finance Hawai'i State Capitol, Conference Room 308 415 South Beretania Street Honolulu, HI 96813

RE: <u>HB 2357, HD1 RELATING TO IMPORTANT AGRICULTURAL LANDS</u>
Committee on Finance, February 22, 2008, 1 PM Room 308

Chair Oshiro and Members of the Committee:

I am Harry Saunders, President of Castle & Cooke Hawai'i. We appreciate the opportunity to express our views on HB 2357, HD1, relating to important agricultural lands.

The intent of Act 183 (2005) "is not only to set policies for important agricultural lands and to identify important agricultural lands but also to provide for the development of incentives for agricultural viability in Hawaii, particularly for agricultural enterprises that farm important agricultural lands and for landowners of important agricultural lands. These incentives would be designed to promote the retention of important agricultural lands for viable agricultural use over the long term."

We strongly feel that a comprehensive incentive program for both farmers and landowners is essential to move IAL forward. And we respectfully point out that LAND is the key component to this issue and its use and benefit to address farmers and landowners must be considered.

For these reasons we ask your Committee to allow continued discussion on this bill and allow time for further refinements to HB 2357, HD1, relating to important agricultural lands.

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 LINDA LINGLE

AARON S. FUJIOKA



STATE OF HAWAII
STATE PROCUREMENT OFFICE

P.O. Box 119 Honolulu, Hawaii 96810-0119 Tel: (808) 587-4700 Fax: (808) 587-4703 www.spo.hawaii.gov

TESTIMONY

OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE
HOUSE COMMITTEE
ON
FINANCE

February 22, 2008

HB 2531, HD 1

RELATING TO THE WEST MAUI TRANSPORATION ACCESS PLAN.

Chair Oshiro, Vice Chair Lee and committee members, thank you for the opportunity to testify on HB 2531, HD 1. The State Procurement Office's (SPO) testimony is limited to Section 2, subsection (b) that provides for a "non-bid" contract with a consultant.

The SPO does not support the language to exempt from HRS chapter 103D, the contract for a consultant to develop the proposed West Maui transportation access plan.

Statutory exemptions are contrary to the Hawaii Public Procurement Code (Code), section 103D-102, HRS, on the applicability of the chapter that states in part "... shall apply to all procurement contracts made by governmental bodies whether the consideration for the contract is cash, revenues, realizations, receipts, or earnings, ..." Any governmental agency with the authority to expend funds should be in compliance with chapter 103D, which promotes the policy of fair and equitable treatment of all persons who deal with the procurement system; fosters effective broadbased competition; and increases public confidence in public procurement.

The SPO is against statutorily exempting specific purchases from the Code, as it is not in the best interest of government, the business community, and the general public. The Code establishes a time-tested, fair, and reliable set of rules and processes for award of contracts. The competitive procurement processes of the Code are to insure that all potential providers are afforded the opportunity to compete for the required services. To the extent agencies may need specific purchases to be exempted from Code requirements, the Code provides an exemption process.

PROCUREMENT POLICY BOARD

DARRYL W. BARDUSCH

LESUE S. CHINEN

DARYLE ANN HO

GREGORY L. KING

KEITH T. MATSUMOTO

RUSS K. SAITO

HB 2531, HD 1 Senate Committee on Finance February 22, 2008 Page 2

The Code should not be viewed as an obstacle to a purchasing agency's mission, but rather as the single source of public procurement policy to be applied equally and uniformly to obtain its requirements. It was the legislature's intent for the Code to be a single source of public procurement policy. If individual agencies are exempted and allowed to develop their own individual processes, it becomes problematic for the administration and vendors/contractors that must comply with a variety of processes. Fairness, open competition, a level playing field, and government disclosure and transparency in the procurement and contracting process are vital to good government. For this to be accomplished, we must participate in the process with one set of statutes and rules.

In conclusion, there is no compelling reason to statutorily exempt the contract for a consultant to develop the West Maui transportation access plan from chapter 103D. The SPO recommends amending Page 4, lines 10 and 11, as follows:

(b) The temporary working group shall develop a West Maui transportation access plan to address road closures in West Maui and may contract with a consultant to develop the plan without regard to chapter 103D, Hawaii Revised Statutes.

Thank you.

HAWAII BUILDING AND CONSTRUCTION TRADES COUNCIL, AFL-CIO Gentry Pacific Design Center, Suite 215A 560 N. Nimitz Highway, #50

Honolulu, Hawaii 96817 (808) 524-2249 - FAX (808) 524-6893

February 22, 2008



Honorable Representative Marcus R. Oshiro, Chair Honorable Representative Marilyn B. Lee, Vice Chair Members of the House Committee on Finance Hawaii State Capital 415 South Beretania Street Honolulu, HI 96813

RE: IN SUPPORT OF <u>HB 2671</u>

RELATING TO A KAKAAKO MAKAI PARKING STRUCTURE

Hearing: Friday, February 22, 2008, 10:00 a.m.

Dear Chair Oshiro, Vice Chair Lee and the House Committee on Finance:

For the Record my name is Buzz Hong the Executive Director for the Hawaii Building & Construction Trades Council, AFL-CIO. Our Council is comprised of 16-construction unions and a membership of 26,000 statewide.

The Council SUPPORTS the passage of HB2671 that will authorize the issuance of general obligation bonds for planning the construction of a centralized parking structure in the makai area of Kakaako in the City and County of Honolulu.

Thank you for the opportunity to submit this testimony in support of HB2671.

Sincerely,

William "Buzz" Hong

WBH/dq



100 Kahelu Avenue Mililani, Hawaii 96789-3997 P.O. Box 898900 Mililani, Hawaii 96789-8900 (808) 548-4811 Fax (808) 548-6670

February 22, 2008

Honorable Marcus Oshiro, Chair, Committee on Finance Hawai'i State Capitol, Conference Room 308 415 South Beretania Street Honolulu, HI 96813

RE: HB 2807, HD1 RELATING TO LAND USE

Committee on Finance, February 22, 2008, 1 PM Room 308

Chair Oshiro and Members of the Committee:

I am Harry Saunders, President of Castle & Cooke Hawai'i. We appreciate the opportunity to express our views on HB 2807, HD1, relating to land use.

The intent of Act 183 (2005) "is not only to set policies for important agricultural lands and to identify important agricultural lands but also to provide for the development of incentives for agricultural viability in Hawaii, particularly for agricultural enterprises that farm important agricultural lands and for landowners of important agricultural lands. These incentives would be designed to promote the retention of important agricultural lands for viable agricultural use over the long term."

We strongly feel that a comprehensive incentive program for both farmers and landowners is essential to move IAL forward. And we respectfully point out that LAND is the key component to this issue and its use and benefit to address farmers and landowners must be considered.

Initially we supported the intent of this bill, but we now have serious concerns with specific changes made in the HD1, such as the requirement that IAL dedications be made in perpetuity. Not only does this change stray away from the original intent of this bill, we believe it is not sound policy to designate land use in perpetuity.

The initial intent HB, 2807 was to "incentivize" agricultural landowners to designate large tracts of suitable agricultural lands as IAL. HD1 amendments make it less attractive to land owners and are a disincentive for the following reasons:

• IAL in perpetuity is not equitable and does not allow for future conditions. IAL already requires a 2/3 super majority to re-designate IAL. And, perpetuity does not guarantee a successful agribusiness operation. If the intent is to keep it in perpetuity, the state should buy it to preserve agriculture.

- Over time it could be problematic for farmers who own their land when they find out it may not be worth as much for the purpose of collateralizing a loan;
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- The addition of criteria #4, which adds the Land Study Bureau (LSB) rating system in addition to the ALISH system, could create incompatibilities for some landowners.

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? We offered two incentive proposals for your consideration last year which were not taken up: a master lease of IAL to the state and transfer of the state land use district, which is why we are hopeful for a meaningful incentives package for this year.

We would like to note that if done correctly 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 your Committee to allow continued discussion on this bill and allow time for further refinements to HB 2807, HD1.

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



February 22, 2008

The Honorable Marcus Oshiro, Chair and Members House Committee on Finance Hawaii State Capitol, Room 308 Honolulu, HI 96813

BY E-MAIL

Subject:

Testimony on House Bill No. H.B. 2807, HD1 Relating to Land Use (IAL Incentives: affordable housing on rural lands and concurrent IAL designation and rural and urban reclassification)

Dear Chair Oshiro, Vice Chair Lee, and Members:

My name is David Arakawa, Executive Director of the Land Use Research Foundation of Hawaii (LURF), a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable and rational land use planning, legislation and regulation affecting common problems in Hawaii.

We appreciate the opportunity to provide our testimony <u>in general support of</u> H.B. No. 2807, HD1, but with <u>several comments and recommendations</u>.

H.B. No. 2807, HD1. This proposed bill would offer two incentives for landowners to designate their lands as Important Agricultural Land("IAL"): First, it would allow affordable and workforce housing on rural lands and secondly, it would also allow farmers and landowners who file petitions with the State Land Use Commission for the designation of IAL to also seek a concurrent reclassification of land in another agricultural district to a rural or urban district, if said reclassification is consistent with the relevant county general plan (the county general plan process provides the opportunity for multiple public hearings and comments, and there will be further county review and public review during the county zoning process).

<u>H.B. No. 2807, HD1 Revisions</u>. LURF has several comments regarding the following new provisions in HD1 version:

o The "in perpetuity" should be deleted and replaced with language that would confirm the intent of Act 183, and allow the State Land Use Commission to craft conditions for withdrawal which are flexible, fair, equitable and consistent with Act 183. While the intent of Act 183 was "to promote viable agricultural uses over the long-term," it also

recognized that changes might be necessary over time and thus allows for a process for "removal" of IAL. Thus, we would recommend that the IAL stakeholders who were part of the consensus process relating to Act 183, should discuss possible criteria and conditions relating to any future changes in IAL designations.

- o The 80% percentage requirement requires further discussion and input from the IAL stakeholders. This provision would address two major issues the designation of IAL lands and the reclassification of land to increase the supply of needed housing. We support the intent of this provision, as it could be a major landowner incentive to identify and designate IAL, however, the percentage stated in HD1 may not be a sufficient incentive for some landowners. Thus, we would respectfully recommend that there be further discussion among the agricultural stakeholders, which include landowners, so that revisions could be proposed to this section.
- o Three new standards and criteria for IAL should be deleted, as it was not part of the Act 183 IAL consensus process. This is something new in HD1 and it would change the intent and "rules of the game" for IAL.
 - The intent of IAL was "to support long-term agricultural viability" and
 "to enable and promote the economic sustainability of agriculture" it was not a "land use" bill or a bill that focused on the soil
 classification of lands.
 - This new section adds additional criteria to what is already required under HRS §205-44; and
 - LURF opposes this new change and respectfully recommends that the legislature not change Act 183 and the IAL law – but give it a fair chance to work first.
- o Reclassification "Credits" in return for IAL designation should be added. We would also recommend adding a provision which would allow landowner to earn "credits" relating to the dedication of IAL lands and use the credits for future reclassification to rural or urban; and
- O Delete "declaration of satisfaction" provision. Further discussions and work will be necessary by the farmers, landowners and legislators this session, as well as with the counties. A declaration of satisfaction is premature at this time, because it depends on the final versions of H.B. No. 2357, HD1 and H.B. No. 2897, H.D. 1. We believe that if all the parties work together (including the counties), perhaps such a declaration could be made by the end of 2008 or early 2009.

LURF appreciates the opportunity to express our views on this matter.

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The only rational approach is to defer all the ad hoc legislation being thrown at the public under the disguise of identifying important ag lands, and invest in a facilitated community-based discussion amongst all important stakeholders in the agricultural and rural sectors to come up with a consensus approach to amending the standards and permisible uses in the Rural District, which will be the key buffer between incompatible Urban land uses and true farming on Ag District lands. That investment will reap more harmony and less conflict in future deliberations over land use in Hawai'i. The failure of the counties to perform this function under Act 205 (SLH 2005) signaled the start of the confusion and ad hoc proposals now being made 3 years later. The time to stop the madness is now.

Kill this bill and instead support the grant-in-aid request being supported by a broad coalition of advocates for the protection of a sustainable egricultural economy in Hawai'i. I would be pleased to elaborate on this proposed format should you need more information.

Alan T. Murakami 721-3070