

LINDA LINGLE
Governor



State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512

SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE K. OKAMOTO
Deputy to the Chairperson

TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON FINANCE
FRIDAY, FEBRUARY 22, 2008
1:00 p.m.
Room 308

HOUSE BILL 2807, HOUSE DRAFT 1
RELATING TO LAND USE

Chairperson Oshiro, Vice-Chair Lee and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 2807, House Draft 1. The Department of Agriculture supports the concept of providing an "incentive" for owners of agricultural lands to voluntarily seek designation of their qualified lands as Important Agricultural Lands (IAL), however, we are very concerned that the designation and qualification of IAL in the manner described in the bill will be an afterthought to the pursuit of developing affordable housing in the Rural District and reclassifying Agricultural District lands to the Urban District via the declaratory order process of the State Land Use Commission (LUC). We offer some amendments that would somewhat improve our level of comfort with this measure, however, we defer to the Office of Planning and the Land Use Commission on the impacts of this bill on the broader land use planning and district reclassification issues.

This measure seeks to allow the permanent designation of IAL in exchange for allowing landowners who are voluntarily petitioning the LUC to reclassify lands to the Urban District and seeking subsequent rezoning by the counties, to meet a portion of the State and/or county affordable housing conditions and assessments by allowing development of this housing in newly created Rural Districts to be reclassified by the LUC via declaratory order. The Department strongly supports permanent designation of

IAL, if all the standards and criteria in Section 205-44 are used to evaluate potential IAL. The minimum amount of qualified agricultural land to be designated as IAL in exchange for this privilege is specified as 80 percent of the total acreage meant for IAL and reclassification to the Rural or Urban District. The Department prefers a ratio of at least 10 acres of IAL designated for every acre reclassified. The bill makes affordable housing a permissible use in Rural Districts that are created by a declaratory order that also designates IAL. Farm worker housing is also made a permissible use in the Rural District. The allowable density of affordable housing in Rural Districts is to be established by the counties. The existing minimum lot size in the Rural District is one-half acre.

Section 205-45 (petition by farmer or landowner) is amended to provide for a concurrent designation of IAL and reclassification of land in the Agricultural District to the Rural and/or Urban District by declaratory order of the LUC, provided all the lands involved are in the same county, the reclassifications are consistent with county plans, and 80 percent of the total acreage considered is to be designated IAL (page 7, line 19 to page 8, line 21). The rationale for adding the Urban District is not discussed in the standing committee report of the Water, Land, Ocean Resources and Hawaiian Affairs, and Agriculture Committees (dated February 15, 2008). The Department has serious reservations about allowing reclassifications to the Urban District via declaratory order as this will reduce the State's responsibility and thoroughness of evaluating petitions for reclassification of Agricultural District land into the Urban District as is currently practiced under Section 205-4 and the LUC Administrative Rules.

Section 205-44 (standards and criteria for the identification of important agricultural lands) is amended to allow IAL designation for lands that are part of a declaratory order if they meet the following standards and criteria (page 6, line 8 to page 7, line 6):

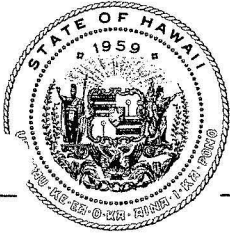
- Land with Land Study Bureau overall productivity ratings of “A” and “B” and “C” or “D” if currently in agricultural production or could be put into production with new technology or development of irrigation water;
- Land with sufficient quantities of water to support viable agricultural production; and
- Land that contributes to maintaining a critical land mass important to agricultural operating productivity:

The Department recommends that the LUC use all existing standards and criteria to evaluate potential IAL for designation, regardless the manner of designation (page 5, line 21 to page 7, line 9).

Also added is a new standard that unfavorably sloped land will be designated as IAL if it is part of a parcel that meets at least one of the other standards and criteria (page 7, lines 10-16). The Department does not support this addition as it will cause the land base designated as IAL to contain lands that would not qualify under the existing standards and criteria.

Finally, Section 205-52 (periodic review and amendment of important agricultural lands maps) is amended to delete the condition of non-availability of irrigation water as a reason to allow the rescinding of IAL designations, with the exception of designations established under declaratory order.

In summary, the Department of Agriculture supports creative and responsible means to identify and designate potential IAL in advance of the county process defined in Chapter 205. This bill is creative in that it proposes to have IAL voluntarily identified and designated in perpetuity via the LUC declaratory order in exchange for the ability to create new Rural Districts to meet State and county affordable housing requirements and to expedite requests to reclassify lands to the Urban District. Our proposed amendments are meant to ensure that the IAL designated in perpetuity does not result in unintended consequences that would diminish their value.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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GOVERNOR
THEODORE E. LIU
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Statement of
ABBEY SETH MAYER
Interim Director, Office of Planning
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE
Friday, February 22, 2008
1:00 PM
State Capitol, Conference Room 308

in consideration of
HB 2807, HD 1
RELATING TO LAND USE.

Chair Oshiro, Vice Chair Lee, and Members of the House Committee on Finance.

The Office of Planning (OP) does not support the bill in its current form.

HB 2807, HD1 proposes: (1) allowing only landowners or developers who have designated important agricultural lands to meet proposed projects' affordable housing requirements in the State Rural Land Use District; and (2) improvements to a proposed procedure for the joint petition for the voluntary designation of IAL and reclassification of agricultural lands to the State Rural or Urban Districts. While HD 1 includes amendments that enhance the public benefit to be derived from the joint petition, it also introduces elements that would greatly reduce the public benefit of the bill's two incentives. Our concerns are as follows.

Affordable Housing Requirements in Rural. OP could support the original proposal, which limited the amount of affordable housing that could be located in the

Rural District. However, HD 1 removes this limitation, which we oppose. Allowing all of a project's affordable housing requirements to be transferred to the Rural District would result in a rural subdivision that may: (1) locate workers away from job centers; and (2) require the same level of infrastructure as is needed for urban growth, particularly if the number of units required exceeds the number of units allowed without a sewer system and wastewater treatment plant.

We recommend deleting this provision for now. However, if this incentive is retained, then it should be amended in subject matter committees to ensure that it promotes development that maintains rural character and the affordability of the units. OP has specific proposals for amendments that we will provide should this measure be approved.

Joint Designation and Reclassification Procedure. While the amendments made in HD 1 provide greater certainty as to the public benefit to be derived from this incentive, the measure still lacks elements that would assure that the public benefit is commensurate with the private benefit being conferred in such a proceeding. OP has specific proposals for amendments to address the various problems encountered with this measure in HD 1, including the need for Department of Agriculture concurrence on the IAL to be designated, deletion of the new criteria being added to Section 205-44, incorporation of areas of State concern related to the lands to be reclassified, provisions to ensure the permanent IAL status of lands designated under the joint petition, etc. OP will provide proposals for further amendments should the measure be approved as is.

Broader Rural District Changes. Rather than piecemeal amendments to the Rural District, OP urges House members to consider legislation for a more

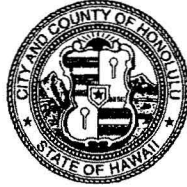
comprehensive approach to redefining the Rural District. This bill will not improve the planning and management of rural lands: retaining the existing Rural District density and minimum lot size does not allow for effective clustering, and reliance solely on zoning to protect rural lands will only replicate in the Rural District what is happening in the Agricultural District. This form of rural development is not sustainable in terms of maintaining open space, agricultural and rural industry viability, public costs for servicing rural subdivisions, etc. We urge you to consider more comprehensive reforms that would establish strong rural policy guidance for the counties, yet provide flexibility in their formulation of rural codes and tools for Rural District lands and rural areas. HB 1269 introduced in the last session offers such a framework for change.

Thank you for the opportunity to testify.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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MUFI HANNEMANN
MAYOR



HENRY ENG. FAICP
DIRECTOR

DAVID K. TANOUÉ
DEPUTY DIRECTOR

February 22, 2008

The Honorable Marcus R. Oshiro, Chair
and Members of the Committee on Finance
House of Representatives
State Capitol
Honolulu, Hawaii 96813

Dear Chair Oshiro and Members:

**Subject: House Bill 2807 HD1
Relating to Land Use**

The Department of Planning and Permitting **opposes** certain sections of House Bill 2807 HD1, which relates affordable housing obligations to designation of Important Agricultural Lands (IAL). We have comments on the proposal to modify the process for IAL designation.

We support affordable housing and IAL preservation. However, on the basis of "home rule", we are opposed to state determination of where affordable housing obligations are met, especially for new communities. We seek to have these new communities reflect a diversity of housing types and households, which is why we ask that affordable housing be part of these communities. We would strongly object to a project in new Ewa being able to satisfy its affordable housing responsibility on the North Shore. This does not create "complete communities".

We are aware of the intent that land in the rural district may cost less, and therefore, could assist in the development of lower cost housing. However, the project will still likely need county zoning, so whether the "receiving site" is agricultural, rural or urban does not really create an incentive; it does not create any shortcut to processing, especially if the project must meet county long range plans and zoning. Further, rural areas are less likely to have adequate infrastructure to support unexpected housing, and therefore, the project's infrastructure costs may be higher than if built as part of the new urban community.

Although there is no state rural district on Oahu, we find that that the proposals to amend the permitted uses in the state rural district are perplexing. Under Chapter 205, residential uses are already permitted in the district, subject to further provisions under county zoning. We see no reason to add a new provision to stipulate that farm-worker housing and affordable housing are permitted without a special permit, under densities established by county zoning.

The Honorable Marcus R. Oshiro, Chair
and Members of the Committee on Finance
House of Representatives
Re: HB2807 HD1
February 22, 2008
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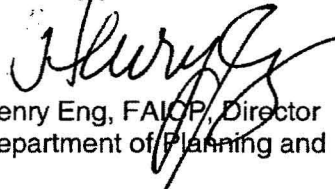
We applaud the proposal of the bill to move away from the contested case hearing process for redistricting of agricultural lands to rural or urban districts. This bill would allow for this new process if the subject boundary amendment was part of a request for IAL designation of other lands. Both requests—boundary amendment and IAL designation--would be decided by a single declaratory order. The action would be determined with consideration for relevant county general, development and community plans. While this is a step in the right direction, we are not sure that it will yield a faster, more predictable process, based on our understanding of the current land use commission rules and actual practices on declaratory rulings. Perhaps a quasi-legislative process would be more appropriate.

We also note that Section 5 of the bill is unclear whether in granting approval for a district boundary amendment, the land use commission may approve with conditions, or whether it may give partial approval of the geographic area in question.

To sum, HB2512 HD1 should be further modified before adoption.

Thank you for the opportunity to testify.

Sincerely yours,



Henry Eng, FAICP, Director
Department of Planning and Permitting

HE: jmf
hb2807hd1-kh.doc



KAMEHAMEHA SCHOOLS

February 22, 2008

The Honorable Marcus R. Oshiro, Chairs and Members
Committee on Finance
The House of Representatives
Hawaii State Capitol
415 South Beretania Street, Room 308
Honolulu, Hawaii 96813

Hearing Date: Friday, February 22, 2008
1:00 p.m., Conference Room 308

Dear Chair Oshiro and Members:

Testimony in Support of House Bill No 2807 HD1 Relating to Land Use with Suggested Changes

I am Kapu C. Smith, Senior Land Asset Manager for Kamehameha Schools' Kawaioloa Plantation in Waiialua, Oahu. I am here to testify in support of HB2807 HD1 because it recognizes that an effective voluntary designation process which includes the ability to reclassify land which are not "important agricultural land" (IAL) is a landowner incentive. In our case, this is an essential requirement to our decision to pursue voluntary designation. Although the proposed HD1 has addressed our concerns regarding a need for clearer standards and criteria in Section 205-44, Hawaii Revised Statutes we also suggest the following changes:

1. Utilization of the proposed standards and criteria in Section 205-44 for non-voluntary designation.
2. Inclusion of reclassification of conservation as part of the combined designation process proposed in Section 205-45 (b) and the resulting changes to the other sections of HD1 which would be required.
3. A requirement for the establishment of rules and regulations to specifically govern Declaratory Orders for designation of IAL.

Thank you for the opportunity to express our views on this matter.



**The Chamber of
Commerce of Hawaii**

Since 1850

TESTIMONY TO THE HOUSE COMMITTEE ON FINANCE
FRIDAY, FEBRUARY 22, 2008 AT 1:00 P.M.
ROOM 308, STATE CAPITOL

RE: H.B. 2807 HD1 Relating to Land Use

Chair Oshiro, Vice Chair Lee, and Members of the Committees:

My name is Christine H. Camp, Chair of The Chamber of Commerce of Hawaii, Land Use and Transportation Committee. The Chamber of Commerce of Hawaii supports the intent of H.B. No. 2807 HD 1 with specific amendments.

The Chamber is the largest business organization in Hawaii, representing 1100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. The organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

H.B. No. 2807 HD 1 provides two incentives to landowners who designate their land as important agricultural lands by allowing a landowner:

1. Who has designated important agricultural lands to satisfy state- or county-imposed affordable housing assessments in the rural district; and,
2. To submit a petition for a declaratory order from the land use commission to combine the designation of important agricultural lands with the reclassification of agricultural land to the rural or urban district.

Section 5 of the bill requires that 80% of the lands in the petition must be designated IAL in perpetuity and the remaining 20% maybe reclassified by the LUC as urban or rural as long as it is consistent with the county land use plans. If perpetual designation is required, we strongly recommend that the state acquire the IAL designated lands through a GET tax credit and allow the State Department of Agriculture to own and manage these IAL lands in perpetuity.

We strongly supported the original comprehensive IAL Incentive Bill (HB 2808, now HB 2357 HD 1) in its entirety. We believe that meaningful incentives are needed to promote and the growth of agribusinesses in the State. It is through this growth that we will be able to preserve and protect viable agricultural operations in Hawaii.

Act 183, SLH 2005 established a process to identify important agricultural lands (IAL). The IAL designation was established during the 1978 Constitutional Convention. 27 years passed before Act 183 was passed. Act 183 was based on the promoting agricultural viability and simply identification of agricultural lands believed to be important. Act 183 provides for incentives to be enacted that would assist in making agribusinesses viable and thus, allow for designation of IAL based on "growing" agribusiness.

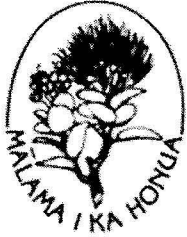
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The Chamber of Commerce of Hawaii Testimony on: HB 2307 HD1
February 22, 2008

Over the past two sessions, legislation has been introduced to create incentives to promote agricultural viability in Hawaii. In addition, attempts were also made to have the Counties enact incentives to promote agricultural viability in their respective counties. Neither of these efforts have resulted in meaningful incentives being put in place to stimulate interest in designating lands IAL.

We strongly support passage of HB 2807 HD 1 with our proposed amendment. As presently drafted HB 2357 HD 1 lacks any landowner incentives. The deletions of the provisions in the original bill (HB 2808) removed all of the landowner based incentives. Passage of this bill as amended would provide landowner incentives that have been removed from HB 2357 HD1.

Thank you for this opportunity to express our views.



Sierra Club Hawai'i Chapter

PO Box 2577, Honolulu, HI 96803
808.537.9019 hawaii.chapter@sierraclub.org

HOUSE COMMITTEE ON FINANCE

February 22nd, 2008, 1:00 P.M.

(Testimony is 1 page long)

TESTIMONY IN OPPOSITION TO HB 2807 HD1

Chair Oshiro and members of the Committee:

The Sierra Club, Hawai'i Chapter, with 5500 dues paying members statewide, opposes HB 2807 HD1, allowing for a rural or urban reclassification process that would bypass the existing public process. We believe this measure is unnecessary, fosters poor planning, and may have unintended consequences.

The Sierra Club strongly opposes amendments to our land use law which facilitate the reclassification of lands out of agriculture without proper public process. Section 4 of HB 2807 allows developers to petition for "automatic reclassification" of their land to the rural or urban districts—bypassing the existing deliberative Land Use Commission process (HRS 205-4). This process is essential for thorough decision making and public involvement. Nothing prevents landowners with ostensibly "rural" lands currently from petitioning to reclassify those lands through the existing public process before the Land Use Commission (LUC).

Given the incredible speculative real estate pressures on Hawaii's limit lands, there is no good reason to expedite the conversion of farmland to developable land—particularly if such a process reduces public input. This measure will only foster greater speculative investment in Hawaii's undeveloped lands and could further drive up the price of land for farming and local housing.

Finally, what this measure seems to overlook is the sprawl-preventing aspects of our state Land Use Law and the processes it provides. The founders of Hawaii's Land Use Law were the first in the nation to establish de facto "urban growth boundaries" and use comprehensive zoning as a way to keep unbridled development in check statewide. Our current law helps to prevent costly urbanization of lands far from existing urban areas where additional development is more efficient. In other words, when agriculturally designated lands restrict urban uses outside of the urban core (i.e., by prohibiting "residential" uses), they serve their purpose even if they are not actively farmed. Agricultural designation is a critical tool to contain urban growth and focus development where it makes the most sense.

We urge this committee to hold this measure.

Thank you for the opportunity to testify.

HAWAII FARM BUREAU FEDERATION
2343 ROSE STREET
HONOLULU, HI 96819

FEBRUARY 22, 2008

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

Agenda #4

TESTIMONY

**HB 2807, HD 1
RELATING TO LAND USE**

Chair Oshiro and Members of the Committees:

My name is Alan Takemoto, Executive Director, of the Hawaii Farm Bureau Federation, which is the largest non-profit general agriculture organization representing approximately 1,600 farm and ranch family members statewide.

The Hawaii Farm Bureau would like to provide comment on **HB 2807, HD 1**. This measure provides incentives to landowners who designate their land as IAL by allowing a landowner to satisfy state or county imposed affordable housing assessments in the rural district and to expedite the reclassification of agricultural land that are currently in the county plans to the rural or urban district by allowing the landowner to petition the LUC by declaratory order.

We agree that our land use system and regulatory system for both agricultural and development projects should be expedited, especially for those landowners who designate their lands into IAL. This incentive will reduce the landowner's legal and administrative cost that we all can appreciate. We also see this as a benefit for keeping the other portion of the agricultural lands for IAL and hope that this bill ensures that the usable lands and unusable lands will be accounted for in the determination of percentage of those lands being upzoned.

As this bill moves forward, we look forward to continued discussions with the landowners on the benefits of this measure for both landowners and the farming community. Thank you.

Castle & Cooke
Hawai'i



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



Food Company Hawaii

1116 Whitmore Avenue Wahiawa, Hawaii 96786

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 – SUPPORT INTENT WITH COMMENT, Committee on Finance, February 22, 2008, 1 PM Room 308

Aloha Chair Oshiro and Members of the Committee:

I am Dan Nellis, Operations Director of Dole Food Company Hawaii (“Dole”). We appreciate the opportunity to express our views on HB 2807, HD1, relating to Important Agricultural Lands. We supported this bill in its original form, but we now have serious concerns with recent changes made in the HD1 that require IAL dedications be made in perpetuity. This change not only strays away from the original intent of Act 183 (2005), it is not sound policy to designate land use in perpetuity.

As taken directly from Act 183, the intent “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 believed the intent HB, 2807 was to “incentivize” agricultural landowners to dedicate IALs. But the HD1 changes made to this bill make it less attractive to land owners and are a disincentive for the following reasons:

- With an IAL designation, land on which there are no structures will be devalued;
- 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.

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. Any comprehensive package of incentives must include meaningful and adequate options for all landowners in different situations, not just independent farmers and small landowners.

If done correctly, 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 to the 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.

Therefore, it is imperative that we work toward providing a comprehensive set of incentives to entice large and small operations and large and small landowners to voluntarily designate their properties as IALs. We respectfully ask the Committee to allow more time to discuss our concerns and to work toward meaningful changes that help both agricultural enterprises that farm important agricultural lands and for landowners of important agricultural lands.

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

Sincerely,

Dan Nellis
Operations Manager, Dole Food Company Hawaii

**HB 2807 HD1
RELATING TO LAND USE**

**PAUL T. OSHIRO
MANAGER – GOVERNMENT RELATIONS
ALEXANDER & BALDWIN, INC.**

FEBRUARY 22, 2008

Chair Oshiro and Members of the House Committee on Finance:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) and its agricultural companies Hawaiian Commercial & Sugar Company and Kauai Coffee Company, Inc. on HB 2807 HD1, "A BILL FOR AN ACT RELATING TO LAND USE." We support the general intent of this bill.

After over twenty five years of debate, negotiation, and compromise, the IAL Law was finally passed in the 2005 Legislative Session. After years of pursuing a land-use approach to this constitutional mandate, the IAL law that was successfully passed was one premised on the principle that the best way to preserve agricultural lands is to preserve agricultural businesses and agricultural viability. As such, Act 183 (2005) not only provides the standards, criteria, and processes to identify and designate important agricultural lands (IAL) to fulfill the intent and purpose of Article XI, Section 3 of the Hawaii State Constitution, it also provides for the passage of a package of incentives designated to support and encourage sustained, viable agricultural activity on IAL—prior to the designation of IAL. Once the package of incentives is passed, IAL may be designated in one of two ways --- by voluntary petition by the farmer/landowner to the State Land Use Commission (LUC); or subsequently by the Counties filing a petition to

designate lands as IAL pursuant to a County identification and mapping process. In either case, the LUC must find that the lands qualify for IAL designation pursuant to the standards, criteria, objectives, and policies set forth in the IAL Law prior to designation.

This bill includes provisions to provide a farmer or a landowner who voluntarily files a petition with the LUC to designate their lands as IAL with a reclassification of a proportionate amount of non-IAL lands from the agricultural district to the urban or rural district. This bill also expands the permissible uses within rural districts. In addition to incenting land owners to designate lands into IAL, these provisions will also provide an opportunity for enhanced uses that are appropriate for rural designated areas. We envision that this provision represents an incentive that will encourage landowners to voluntarily designate their lands into IAL.

In that farmers or landowners may not have lands in the agricultural district for reclassification into the rural or urban district that are consistent with the relevant County General, Development, and Community Plans at the time that IAL designations are made, consideration to allow the Land Use Commission to utilize qualified IAL designations as a credit to reclassify agricultural lands to the urban or rural districts in subsequent years will be appreciated.

Based on the aforementioned, we respectfully request your favorable consideration on this bill.

Thank you for the opportunity to testify.