



# 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 2807 RELATING TO LAND USE and HB 2808 RELATING TO IMPORTANT AGRICULTURAL LANDS – SUPPORT**

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 testify in support of HB 2807, Relating to Land Use, and HB 2808, Relating to Important Agricultural Lands. We also ask for your support to pass an HD1 to further define an incentive that would allow 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.

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.

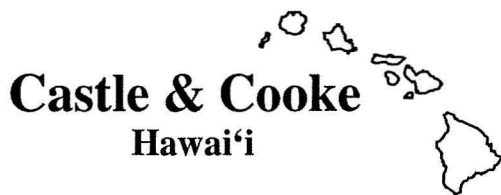
Landowners would receive a true incentive, benefit and compensation for the down-zoning of their land resulting from IAL designation at no cost to the counties or State. In fact, the counties and the State would receive a tax benefit from this arrangement. The counties will benefit through higher property 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 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 2807 RELATING TO LAND USE and HB 2808 RELATING TO IMPORTANT AGRICULTURAL LANDS – SUPPORT**

Chairs Ito and Tsuji and Members of the Committee:

I am Harry Saunders, President of Castle & Cooke Hawai'i. We appreciate the opportunity to express our support for 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. We also ask for your support to pass a HD1 to further refine an incentive that would allow 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.

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, incentives like those in HB 2807 and HB 2808 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 support the passage of HB 2807 and HB 2808.

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