

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 COMMITTEES ON PUBLIC SAFETY
AND
AGRICULTURE
THURSDAY, MARCH 12, 2009
10:00 A.M.
ROOM 309**

HOUSE CONCURRENT RESOLUTION NO. 7

HOUSE RESOLUTION NO. 11

**REQUESTING THE U.S. DEPARTMENT OF AGRICULTURE AND THE COUNTY OF
HAWAII TO PROVIDE FINANCIAL SUPPORT TO AGRICULTURAL OPERATIONS
THAT HAVE INCURRED SIGNIFICANT LOSSES DUE TO THE EFFECTS OF VOG**

Chairpersons Hanohano and Tsuji and Members of the Committees:

Thank you for the opportunity to provide testimony on House Concurrent Resolution No. 7 and House Resolution No. 11 which seeks financial support from the U.S. Department of Agriculture and the County of Hawaii for agricultural operations that have incurred significant losses due to the effects of vog. The Hawaii Department of Agriculture supports the resolutions and defers to the County of Hawaii as to their ability to provide financial support.

William P. Kenoi
Mayor



Nancy E. Crawford
Director

Deanna S. Sako
Deputy Director

County of Hawaii

Finance Department

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March 11, 2009

The Honorable Faye Hanohano, Chair
and Members of the House Committee on Public Safety
Hawai'i State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

The Honorable Clift Tsuji, Chair
and Members of the House Committee on Agriculture
Hawai'i State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

RE: Testimony in Opposition of House Concurrent Resolution HCR7 and
House Resolution HR11
Hearing Thursday, March 12, 2009, at 10:00 a.m., Conference Room 309

The County of Hawaii opposes H.C.R. No.7 and H.R. No. 11, both of which request that the County implement real property tax relief to agricultural operations affected by vog. The County recognizes that farmers on this island must contend with a variety of issues that affect crop yields and the farmers' income. Various insects, viruses and weather conditions have impacted our farmers negatively from time to time, and the vog is another of those serious conditions. For this reason a major factor in the calculation of the assessment rates used to assess land being farmed is the average expected income per acre. This amount takes into consideration the good and bad times as far as crop yields and crop prices. The averages are calculated and adjusted every five years at a maximum.

The County currently reduces the assessed values of the land that is in active farm use to a value which at times can be as low as 4% of its market value based on what crop is being grown. So, a parcel with a market value of \$200,000 would be assessed at \$8,000. In this case the resulting taxes are lowered from \$1,670, based on market, to \$100, which is a substantial tax reduction. The County's minimum tax is \$100 and even under the

disaster section of our code can not be remitted to the taxpayer. With a more valuable crop, such as cut flowers, the reduced tax would be around \$570, without any special tax relief.

Any further reduction of taxes for farmers would be relatively small for them, but the cumulative effect would adversely impact the County's primary source of revenue. It would also open the door for similar requests for tax relief for all conditions affecting agricultural income. Article VIII, Section 5 of the Hawaii Constitution states that if any new programs or increase in the level of service under an existing program shall be mandated to any of the political subdivisions by the legislature, it shall provide that the State share in the cost. Any new program reducing County revenue should be subsidized by the State or it constitutes an unfunded mandate.

Thank you for your attention to our concerns.

Sincerely,


Nancy Crawford
Director of Finance