



LAND USE RESEARCH
FOUNDATION OF HAWAII

1100 Alakea Street, 4th Floor
Honolulu, Hawaii 96813
(808) 521-4717
www.lurf.org

March 1, 2011

Senator David Y. Ige, Chair and Senator Michelle N. Kidani, Vice Chair
Senate Committee on Ways and Means

Supporting and providing comments regarding SB 1393, SD 1, Relating to Agriculture. (Authorizes the inclusion of dams and reservoirs serving important agriculture lands in the total acreage calculation for important agriculture lands; provides tax credits for dam remediation, aquacultural facilities, certain agricultural processing facilities, and certain agricultural worker housing; grants priority to aquacultural activities at state-owned harbors; includes aquaculture in agricultural activities; authorizes the board to create standards for certain agricultural worker housing.)

Tuesday, March 1, 2011 at 9:20 a.m. in CR 211

My name is Dave Arakawa, and I am the 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, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources and public health and safety.

SB 1393, SD1. This bill proposes to: amend Hawaii Revised Statutes (HRS) Chapter 205 by adding a new section relating to dams and reservoirs; add new sections to HRS Chapter 235 providing for tax credits; amend Chapter 200 to add a new section prioritizing aquacultural activities; and amend Section 201-1 by amending the definition of agriculture:

- **Section 1** proposes to amend HRS Chapter 205, Dams and Reservoirs, to **include** dams and reservoirs designated as Important Agricultural Lands (IAL) in the calculation of "total acreage" under Section 205-45(h), and to make dams and reservoirs eligible for incentives pursuant to Section 205-46, but to **disallow** dams and reservoirs to be included in the total area calculation of IAL in combination with the reclassification of agricultural land to the rural, urban, or conservation district.
- **Section 2** adds two new sections to HRS Chapter 235 creating various tax credits:
 - **Section 235-A**, creating a dam or reservoir remediation tax credit equal to 75% of the cost of all remediation measures to comply with DLNR and prohibits some costs from credit; and
 - **Section 235-B**, creating an aquacultural facilities tax credit for cost of capital investments in facility equal to 75% of the amount.
- **Section 3** - establishes priority of access for aquacultural enterprises at all State harbors and waterfront improvements, except commercial harbors.
- **Section 4** - amends definition of **agriculture** under HRS Section 201-1, to include aquatic life.

LURF's Position. The bill is consistent with the spirit, intent and principles of the IAL laws; proposes amendments and additions to the existing law to support agriculture and assist agriculture-related businesses; and provides mechanisms through which the IAL laws may be implemented.

The IAL laws were enacted to fulfill the mandate in Article XI, Section 3 of the Hawaii State Constitution, "to conserve and protect agricultural lands, promote diversified agriculture, increase agricultural self-sufficiency and assure the availability of agriculturally suitable lands." The "new paradigm" established by the IAL laws avoids requirements and mandates, and instead focuses on promoting agricultural viability by providing incentives for farmers and landowners to designate lands as IAL, and to build necessary infrastructure.

Local farmers are consequently relying on the legislature and State agencies to assist them through efforts, including implementing mechanisms, which will allow them to utilize the IAL laws to continue working toward expansion of diversified agriculture; promoting the agricultural self-sufficiency of the State; and protecting water as an important resource, including and incorporating dams and reservoirs.

LURF thus strongly supports legislation which furthers the underlying spirit and principles of the IAL laws, including this bill, which amends and expands the existing laws to support agriculture, including dams and reservoirs, and to aid agriculture-related businesses.

Based on the above, we respectfully request this Conference Committee's **favorable consideration of SB 1393, SD 1.**

Thank you for the opportunity to present testimony regarding this matter.

Via Capitol Website

March 1, 2011

**Senate Committee on Ways and Means
Hearing Date: Tuesday, March 1, 2011**

**Testimony in Support of SB 1393 –
Relating to Agriculture**

Honorable Chair Senator David Y. Ige, Chair and Senator Michelle N. Kidani, Vice Chair and members of the Senate Committee on Ways and Means:

My name is Michael Tresler, and I am the Senior Vice President of Grove Farm Company, Inc. Grove Farm is headquartered in Lihue, and owns approximately 40,000 acres on Kaua'i, making it one of Kaua'i's largest private landowners. Throughout our transition from a sugar plantation to a sustainable community development and economic development company, we have remained committed to our island community.

Grove Farm appreciates this opportunity to express our **strong support** of SB 1393 SD1, which authorizes the inclusion of dams and reservoirs serving important agriculture lands in the total acreage calculation for important agriculture lands; provides tax credits for dam remediation, aquacultural facilities, certain agricultural processing facilities, and certain agricultural worker housing; grants priority to aquacultural activities at state-owned harbors; includes aquaculture in agricultural activities; authorizes the board to create standards for certain agricultural worker housing.

Grove Farm's Position. As a longtime kama'aina company, Grove Farm is committed to continue being a responsible steward of our 'aina. We believe that the bill is consistent with the spirit, intent and principles of the IAL laws and that it provides means through which the IAL laws may be implemented. The proposed amendment to the existing law also supports agriculture and assist agriculture-related businesses, such as aquaculture. Grove Farm is the majority owner of Hukilau Foods, an ocean-based, moi operation off the Leeward coast of Oahu and providing incentives and tax credits to support Hawaii's agricultural and aquacultural enterprises will make a profound, positive impact on each respective industry sectors.

Thank you for the opportunity to express our support for this matter.