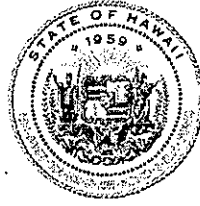
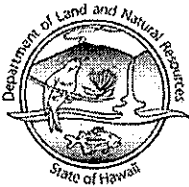


NEIL ABERCROMBIE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
WILLIAM J. AILA, JR.
Chairperson**

**Before the Senate Committee on
WATER, LAND AND HOUSING**

**Tuesday, February 8, 2011
1:15 P.M.
State Capitol, Conference Room 225**

**In consideration of
SENATE BILL 1393
RELATING TO AGRICULTURE**

Senate Bill 1393 proposes to authorize the inclusion of dams and reservoirs serving important agricultural lands in the total acreage calculation for important agricultural lands and provides tax credits for dam remediation and other activities. The Department of Land and Natural Resources (Department) supports the intent of this measure, as it appears to assist certain landowners in bringing their dams and reservoirs into compliance with current safety standards. The Department defers to the Department of Taxation regarding the cost implications of this measure.

The Bill states that the credit is allowed to a taxpayer "...pursuant to an order of the Department of Land and Natural Resources under section 179D-6(b)(16)...". To clarify the intent of this measure and to avoid misinterpretation in defining an "order", the Department recommends deleting the requirement for this credit based on an "order" and simply stating that this credit shall be allowed to taxpayers "...for remediation of dams and reservoirs as directed by the Department of Land and Natural Resources..."

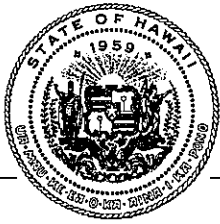
Thank you for the opportunity to comment.

WILLIAM J. AILA, JR.
INTERIM CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

GUY H. KAULUKUKUI
FIRST DEPUTY

WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS



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

NEIL ABERCROMBIE
GOVERNOR
RICHARD C. LIM
INTERIM DIRECTOR
MARY LOU KOBAYASHI
PLANNING PROGRAM ADMINISTRATOR
OFFICE OF PLANNING

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Statement of
MARY LOU KOBAYASHI
Planning Program Administrator, Office of Planning
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WATER, LAND, AND HOUSING
Tuesday, February 8, 2011
1:15 PM
State Capitol, Conference Room 225

in consideration of
SB 1393
RELATING TO AGRICULTURE.

Chair Dela Cruz, Vice Chair Solomon, and Members of the Senate Committee on Water, Land, and Housing.

The Office of Planning (OP) supports the concept of providing incentives for investments that promote agricultural development, but opposes SB 1393. SB 1393 proposes additional tax credits and incentives for investments in dam remediation, aquacultural facilities, agricultural food processing facilities, and agricultural worker. The bill would make several amendments to Chapter 205, Hawai'i Revised Statutes (HRS), including: (1) clarification that dams and reservoirs may be designated as important agricultural lands and that their acreage shall be included in the total acreage of land designated as IAL; and (2) exemption of farmer/worker housing on IAL from building codes except for those adopted by the Board of Agriculture.

OP opposes the bill for the following reasons.

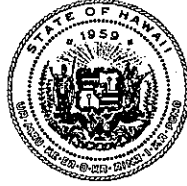
1. The tax credits proposed in SB 1393 are largely duplicative of tax credits and incentives for important agricultural lands established under Act 233, Session Laws of Hawai'i 2008, and now codified in Section 235-110.93, HRS, as the important agricultural land qualified agricultural cost tax credit. This tax credit can be used for a wide range of agricultural costs, including expenditures for

roads or utilities, agricultural processing facilities, water system components including dams and reservoirs, agricultural housing, agricultural and agricultural processing equipment, and feasibility studies, regulatory processing, and legal and accounting services for these agricultural expenses as well as for those related to water for agricultural activities.

Section 235-110.93, HRS, should be the basis for further amendments rather than creating new provisions for tax credits.

2. There could be an adverse impact on the achievement of the designation of important agricultural lands if additional agricultural tax credits are enacted for activities on agricultural lands that are not designated as IAL. The measures contained in proposed Sections 235-C and 235-D do not explicitly define important agricultural lands as those designated as IAL under Part III of Chapter 205.
3. OP understands the desire for providing agricultural worker housing that meets basic health and safety standards. However, rather than impose new duties on the Department of Agriculture, it might be more suitable for desired farm worker housing standards to be developed in collaboration with the Counties, and that these be adopted by the Counties to provide flexibility at the County-level in permitting agricultural worker housing.
4. Chapter 205, Part III, already provides sufficient flexibility to include the designation of dams and reservoirs in a petition for the designation of important agricultural lands; therefore, we believe Section 1 of the bill is unnecessary.

Thank you for the opportunity to testify.



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

IN REPLY REFER TO:

February 8, 2011

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

SENATE BILL NO. 1393

COMMITTEE ON WATER, LAND, AND HOUSING

The Department of Transportation's (DOT) comments are confined to Section 3 of Senate Bill 1393, which adds a new section to Chapter 266, Hawaii Revised Statutes, to grant priority access to aquaculture enterprises over leisure crafts and houseboats at all harbors and waterfront facilities that belong to or are controlled by the State. The DOT does not support this amendment for the following reasons.

By statute, the DOT focuses primarily on commercial, maritime vessels and related activities. In that regard, we only allow a limited amount of recreational vessels into our harbors for transit purposes or as otherwise provided by law (i.e., safe harbor provisions for Kewalo Basin vessels). To the extent Section 3 of this bill provides priority treatment for aquaculture enterprises, a non-maritime activity, this may be misconstrued to give priority over maritime activities.

Additionally, harbor space is at a premium. To fully execute its statutory responsibilities in a safe and equitable manner, the DOT must be allowed to oversee and manage all of its harbor activities without restriction. Section 3 of this bill overrides DOT's jurisdiction by mandating a priority for aquaculture enterprises.

For the reasons set forth above, the DOT recommends that Section 3 be deleted from Senate Bill 1393.

NEIL ABERCROMBIE
Governor



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

RUSSELL S. KOKUBUN
Chairperson, Board of Agriculture

JAMES J. NAKATANI
Deputy to the Chairperson

TESTIMONY OF RUSSELL S. KOKUBUN
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE ON WATER, LAND, AND HOUSING
TUESDAY, FEBRUARY 8, 2011
1:15 P.M.
CONFERENCE ROOM 225

SENATE BILL NO. 1393
RELATING TO AGRICULTURE

Chair Dela Cruz and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 1393. The Department of Agriculture offers comments and recommendations on the portions of the bill affecting agriculture.

Senate Bill 1393 seeks to establish four tax credits. Two of the tax credits are generally duplicative of what is provided for in Section 235-110.93, the IAL qualified agricultural cost tax credit, which was part of the IAL Incentives package passed by the Legislature in 2008. The food processing facilities credit (pages 6-8 and 20) and the agricultural worker housing credit (pages 9-10) require a relationship to IAL. We believe these two tax credits are not necessary as they are duplicative of the existing IAL qualified agricultural cost tax credit (Section 235-110.93). The Department of Taxation may have additional comments.

The other two tax credits that are not linked to IAL are the dam remediation tax credit (pages 1-4) that allows landowners with dams to claim 75% of the cost of required repairs against their net income tax liability. This may encourage landowners with dams



to continue operations and supplying irrigation water to farms. The aquacultural facilities tax credit (pages 4-5) allows owners of these on- and off-shore facilities to claim 25% of the capital investment against their net income tax liability. This may encourage the continued development of Hawaii's aquaculture industry. Again, the Department of Taxation may have additional comments.

We believe the recognition of aquatic life (page 11) as a permissible activity in State Agricultural Parks is unnecessary. Our 157-acre Kekaha Agricultural Park on Kauai is almost entirely occupied by aquacultural operations. Likewise, the proposed amendments to include aquaculture in the policy section of the IAL Law (page 13) appears to be unnecessary as aquaculture is recognized as an agricultural use in the IAL identification criteria section of the IAL Law (page 14).

The Department finds it unnecessary to have "dams and reservoirs" be specified as "support infrastructure" to identified IAL lands in the IAL identification criteria (page 14) because "water" and "support infrastructure" are already identified in that subsection.

The Department does not support including dams and reservoirs as part of the calculation of the "85%-15%" incentive (pages 1 and 15) because the IAL criteria are specific to land.

The Department opposes the amendment to the IAL Incentive for farm dwellings and employee housing (pages 16-18) by requiring what we presume to be the Board of Agriculture to develop building code-like housing requirements. This is properly the function of the counties.

We defer to the Department of Transportation regarding the proposal to have aquacultural enterprises priority of access to State harbors over leisure crafts and houseboats (page 11).

From: mailinglist@capitol.hawaii.gov
To: [WLH Testimony](#)
Cc: brent.a.carman@gmail.com
Subject: Testimony for SB1393 on 2/8/2011 1:15:00 PM
Date: Monday, February 07, 2011 2:12:52 PM

Testimony for WLH 2/8/2011 1:15:00 PM SB1393

Conference room: 225
Testifier position: support
Testifier will be present: No
Submitted by: Brent Carman
Organization: Individual
Address: 1054 Hamanamana St. Kaneohe, HI
Phone: 808-999-4370
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Submitted on: 2/7/2011

Comments: