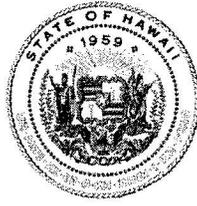


NEIL ABERCROMBIE
GOVERNOR OF HAWAII



**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 House Committees on
AGRICULTURE
and
WATER, LAND & OCEAN RESOURCES**

**Friday, March 18, 2011
10:30 AM
State Capitol, Conference Room 325**

**In consideration of
SENATE BILL 1559, SENATE DRAFT 2
RELATING TO IMPORTANT AGRICULTURAL LANDS**

Senate Bill 1559, Senate Draft 2 proposes to establish incentives for important agricultural lands, including the expediting of permitting procedures. The Department of Land and Natural Resources supports the intent of this measure as it assists and provides incentives to certain landowners to bring their dams and reservoirs into compliance with safety standards.

Thank you for the opportunity to comment.

WILLIAM J. AILA, JR.
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 PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
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PETER B. CARLISLE
MAYOR



DAVID K. TANOUE
DIRECTOR

JIRO A. SUMADA
DEPUTY DIRECTOR

March 18, 2011

The Honorable Clift Tsuji, Chair
and Members of the Committee on Agriculture
The Honorable Jerry L. Chang, Chair
and Members of the Committee on Water,
Land, & Ocean Resources
House of Representatives
State Capitol
Honolulu, Hawaii 96813

Dear Chairs Tsuji, Chang, and Members:

**Subject: Senate Bill No. 1559, SD2
Relating to Important Agricultural Lands**

The Department of Planning and Permitting (DPP) **opposes** Senate Bill No. 1559, SD2. It proposes certain incentives for Important Agricultural Lands (IAL), including priority permit processing, additional requirements for county general plans, preferential energy consumption rate, and preferential insurance rates.

Our position is based on the following concerns:

1. **PART I, County building permits; priority processing.** Building permits are currently processed on a first-come, first-served basis. Priority processing of a permit application involving IAL would place all other permit applications behind the priority application. The loss of time for "sidetracked" permit applications will likely cause an increase in their carrying costs. This is not a fair and equitable process, and ultimately bad for the rest of the economy.

As an alternative, the state could provide grants to qualifying projects to use the Third Party Review option. The use of certified plan checkers would expedite the review process, but not affect our queue lines.

The new Part I proposal is vague about its applicability. Does reference to "development related permits" include zoning permits and subdivision approval? The proposed new subsection (b) is not needed, as our building code already exempts minor agricultural structures from obtaining a building permit, and additional exemptions are being contemplated.

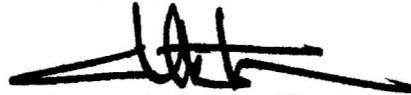
The Honorable Clift Tsuji, Chair
and Members of the Committee on Agriculture
The Honorable Jerry L. Chang, Chair
and Members of the Committee on Water,
Land, & Ocean Resources
House of Representatives
Re: Senate Bill No. 1559, SD2
March 18, 2011
Page 2

2. Part II, County general plans. The City and County of Honolulu's General Plan is a comprehensive document of broad objectives and policies which sets for the long-range aspirations of Oahu's residents and the strategies and actions to achieve them. Although we believe the purpose of defining IAL is fulfilled by existing objectives in our current General Plan, we could consider specific reference to IAL. However, it is not the appropriate venue to replicate a State law that has statewide implications, nor is it the vehicle to identify incentives and implementation plans to any degree of detail. This may be more appropriately a function of the State Department of Agriculture (DOA).

We are also concerned that this proposed Part II essentially amends Chapter 205, HRS, and potentially creates a conflict for the counties. This Part would add new criteria for county identification of IAL, but does not similarly amend the criteria to be used by the State Land Use Commission on the final decision on IAL designation. We may end up with two different sets of IAL.

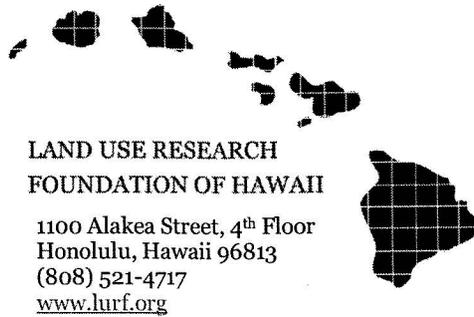
In short, we have concerns about this measure. Please hold Senate Bill No. 1559, SD2. Thank you for the opportunity to testify.

Very truly yours,



David K. Tanoue, Director
Department of Planning and Permitting

DKT: jmf
sb1559sd2-IAL-mh.doc



March 18, 2011

Representative Clift Tsuji, Chair and Representative Mark J. Hashem, Vice Chair
House Committee on Agriculture
Representative Jerry L. Chang, Chair and Representative Sharon E. Har, Vice Chair
House Committee on Water, Land & Ocean Resources

Support of SB 1559, SD 2, Relating to Important Agricultural Lands.

Friday, March 18, 2011 at 10:30 a.m. in CR 325

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.

LURF appreciates the opportunity to provide testimony **in support of SB 1559, SD 2**, and to offer comments.

SB 1559, SD 2. This bill establishes incentives for important agricultural lands (IAL) including expedited permitting procedures, preferential energy rates, and authorization for insurers to provide preferential insurance rates. In addition, the bill requires county general plans to accommodate the designation of IAL, and provides clarification regarding the standards and criteria to be used to identify IAL for inclusion in county general plans.

LURF's Position. The purpose of this bill is to implement the underlying intent and objectives of the IAL laws (Hawaii Revised Statutes [HRS], Sections 205-41 to 52), which 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 IAL laws established a new paradigm which 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. This bill is thus an effort to expand the existing IAL program by establishing additional incentives for landowners to preserve and maintain IAL.

As noted in HRS Section 205-41, the intent of Act 183 (2005) was to develop agricultural incentive programs to promote agricultural viability, sustained growth of the agricultural industry, and the long-term use and protection of important agricultural lands for agricultural use concurrently with the process of identifying important agricultural lands as required under the Act. Such incentives and programs were identified and noted in Act 183 to specifically include, amongst other things:

1. Reduced infrastructure requirements and facilitated building permit processes for the construction of dedicated agricultural structures;
2. Tax incentives that include tax credits and general excise tax exemptions;
3. Incentives that promote investment in agricultural businesses or value-added agricultural development, and other agricultural financing mechanisms; and
4. Incentives and programs that promote long-term or permanent agricultural land protection, and the establishment of a dedicated funding source for these programs.

LURF believes that this bill, by providing for and implementing some of the incentives and programs for agricultural lands which were originally envisioned by agricultural stakeholders and expressly identified by the legislature, effectively carries out the intent and objectives of the IAL legislation and laws.

LURF is therefore **in support of SB 1559, SD 2**, and respectfully urges your favorable consideration.

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



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Alison Powers
Executive Director

TESTIMONY OF ALISON POWERS

HOUSE COMMITTEE ON AGRICULTURE
Representative Clift Tsuji, Chair
Representative Mark J. Hashem, Vice Chair

HOUSE COMMITTEE ON WATER, LAND, & OCEAN RESOURCES
Representative Jerry L. Chang, Chair
Representative Sharon E. Har, Vice Chair

Friday, March 18, 2011
10:30 a.m.

SB 1559, SD2

Chair Tsuji, Chair Chang, and members of the Committees, my name is Alison Powers, Executive Director of Hawaii Insurers Council. Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately 40% of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **opposes Section 4** of the bill that adds a new section to the insurance code. The provisions in this section may evade current rate making requirements which apply to virtually all lines of property and casualty insurance in the state. Most lines of property and casualty insurance require prior approval before a rate can be charged. We believe important agricultural lands should not operate outside the rate making laws.

We ask that this section of the bill be deleted. Thank you for the opportunity to testify.

**SB 1559 SD2
RELATING TO IMPORTANT AGRICULTURAL LANDS**

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

MARCH 18, 2011

Chair Tsuji, Chair Chang and Members of the House Committees on Agriculture and Water, Land & Ocean Resources:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B), Hawaiian Commercial & Sugar Company (a division of A&B) and Kauai Coffee Company (a subsidiary of A&B), on SB 1559 SD2, "A BILL FOR AN ACT RELATING TO IMPORTANT AGRICULTURAL LANDS." We support this bill.

After over twenty five years of debate, negotiation, and compromise, an IAL Law and process was finally enacted in July 2008. After years of pursuing a land-use approach to this constitutional mandate, the IAL law that was successfully passed (Act 183 (2005) and Act 233 (2008)) was premised on the principle that the best way to preserve agricultural lands is to preserve agricultural businesses and agricultural viability. As such, the IAL Law not only provides the standards, criteria, and processes to identify and designate important agricultural lands to fulfill the intent and purpose of Article XI, Section 3 of the Hawaii State Constitution, it also provides for a package of incentives designated to support and encourage sustained, viable agricultural activity on IAL. With the enactment of this comprehensive package of IAL incentives, the long awaited IAL identification and designation process was finally started in July 2008.

The IAL Law authorizes the identification and designation of IAL in one of two ways --- by voluntary petition to the State Land Use Commission by the landowner or farmer (process started in July 2008); or subsequently by the Counties filing a petition to designate lands as IAL pursuant to a County identification and mapping process (process targeted to start in July 2011). The IAL Law further provides incentives to the landowner and/or farmer to conduct agricultural activities on IAL lands. The IAL Law provides an exclusive three-year window for landowners/farmers to volunteer lands for IAL designation before the County petitions can be considered. In either case, the LUC determines whether the petitioned lands qualify for IAL designation pursuant to the standards, criteria, objectives, and policies set forth in the IAL Law. To date, the IAL Law has resulted in the designation by the LUC of over 30,000 acres of agricultural lands as IAL from voluntary petitions by Alexander & Baldwin for its lands on Maui and Kauai, and we believe significantly more acreage will be designated through the voluntary landowner and County petition process. Two voluntary petitions have recently been announced and are pending LUC action.

This bill provides additional incentives designated to support and encourage sustained, viable agricultural activity on IAL. These incentives, which include items relating to County building permits and preferred energy and insurance rates, will greatly assist farmers and other agricultural operations on IAL. In addition, this bill also clarifies the eligibility of lands used for grazing and other livestock operations in the County mapping of IAL lands.

Based on the aforementioned, we respectfully request your favorable consideration on this bill. Thank you for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, March 17, 2011 12:43 PM
To: AGRtestimony
Cc:
Subject: Testimony for SB1443 on 3/18/2011 10:30:00 AM

Testimony for AGR/WLO 3/18/2011 10:30:00 AM SB1443

Conference room: 325
Testifier position: support
Testifier will be present: No
Submitted by: Kathie Pomeroy, N.D.
Organization: Individual
Address:
Phone:
E-mail:
Submitted on: 3/17/2011

Comments:

Please pass this long overdue bill. Hawaii County needs funding to complete the designation for IAL (from SB1559 and HI County Planning budget). We need to generate accurate maps of IAL and prevent developers from have free reign over our precious land resource. It is important to give farmers advantages for designating their valuable ag land officially as IAL. Farming and farmers, existing and potential, should be supported so that Hawaii can become food self-sufficient.

Respectfully,
Kathie Pomeroy