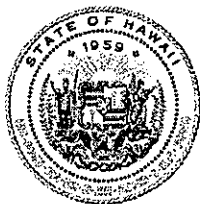
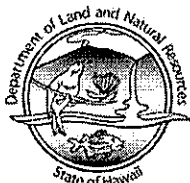


**SB 761**

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII



STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

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  
INTERIM 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

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

Before the Senate Committees on  
AGRICULTURE  
and  
WATER, LAND AND HOUSING

Saturday, February 12, 2011  
2:45 PM  
State Capitol, Conference Room 225

In consideration of  
**SENATE BILL 761**  
RELATING TO AGRICULTURAL LEASES

Senate Bill 761 proposes to increase the length of agricultural leases with a thirty-five year term limit to fifty-five years. The bill amends Section 171-37, Hawaii Revised Statutes (HRS), by increasing the maximum term for leases for intensive agricultural and pastures uses from thirty-five (35) years to fifty-five (55) years. The bill also amends Section 171-59(b), HRS, to increase the maximum term for leases issued through direct negotiation from thirty-five (35) years to fifty-five (55) years. The Department of Land and Natural Resources (Department) takes **no position** on this bill, but does have the **following concerns**.

The amendment proposed by the bill affects directly negotiated leases that, pursuant to Section 171-59(b), HRS, already benefit by being exempt from the public auction process and the public participation requirement that would ordinarily be required for such leases. While the Department acknowledges the potential benefit to operations qualifying under this statute, the Department is concerned that extending the term for these leases diminishes fair competition for the leasing of public lands by excluding other potential bidders seeking to participate in the public disposition process.

The Department understands the need for long term leases in order for certain business ventures to be economically viable, however, notes that longer term leases are available through the public auction process and other competitive public processes, in addition to direct negotiation through subsection (a) of Section 171-59, HRS, which is a form of public process akin to requests for proposals. Furthermore, the bill's proposed amendments to Section 171-37, HRS, would provide the additional security of a longer term lease for intensive agricultural and pasture uses similar to other commercial and industrial leases, while also preserving the fair, transparent and competitive public disposition process.



**SB 761**

**RELATING TO AGRICULTURAL LEASES**

Senate Committee on Water, Land, and Housing  
Senate Committee on Agriculture

February 12, 2011

2:45 p.m.

Room 225

The Office of Hawaiian Affairs offers the following **comments** on SB 761, which would, among other things, extend maximum lease terms for state agriculture, aquiculture, and maritime leases to 55 years.

The bulk of the public land managed by the Board of Land and Natural Resources, including the land used for agriculture, aquiculture, and maritime purposes, is comprised of former government and crown lands that were ceded by the Republic of Hawai'i to the United States in 1898, "without the consent of or compensation to the Native Hawaiian people of Hawaii or their sovereign government[.]" P.L. 103-150 (1993). Much of the land is also subject to the public land trust created by the Admission Act section 5(f).

OHA understands the importance of a thriving agricultural industry in Hawai'i to ensuring food security; improving our local economy; encouraging healthier diets; and protecting the unique character of our rural communities. However, long-term leases – regardless for what purpose – that exceed the length of a generation are short-sighted. Encumbering public land with 55 year leases ties the hands of future generations of land and resource managers and unduly restricts their ability to make sound decisions. Moreover, long-term leases often lead to a sense of entitlement on the part of the lessee that can and has resulted in alienation of leased land in Hawai'i.

Mahalo for the opportunity to testify on this measure.



**Hawaii Farm Bureau**  
F E D E R A T I O N

2343 Rose Street, Honolulu, HI 96819  
Phone: (808) 848-2074; Neighbor Islands: 1-800-482-1272  
Fax: (808) 848-1921; e-mail: info@hfbf.org

February 11, 2011

**TESTIMONY**

**RE: SB 761 RELATING TO AGRICULTURAL LEASES**

Chair Nishihara, Chair Delacruz and Members of the Committees:

Hawaii Farm Bureau Federation on behalf of our commercial farm and ranch families and organizations across the State, **strongly supports with comment SB761, extending agricultural lease terms to fifty-five years.**

Agriculture, like all businesses, requires significant capital investment. And then, not everything is under your control. Environmental conditions beyond one's control impact the success of crops and livestock in addition to challenges faced by other businesses such as manufacturers. Long term leases are critical to the development of business plans and going to the bank for loans.

Laws currently allow leases of public lands up to a maximum of 65 years. This year, there are measures to extend the leases for certain uses such as hotels to this maximum period of 65 years. We respectfully request the same be applied to aquaculture

We request your support in moving this bill by extending the maximum lease period to 65 years. Thank you for this opportunity to provide our opinion on this matter. If there are any questions, please contact **Warren Watanabe** at 2819718.

**nishihara1 - Dale**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Friday, February 11, 2011 6:33 PM  
**To:** AGL Testimony  
**Cc:** gfilaban@aol.com  
**Subject:** Testimony for SB761 on 2/12/2011 2:45:00 PM

Testimony for AGL/WLH 2/12/2011 2:45:00 PM **SB761**

Conference room: 225  
Testifier position: **oppose**  
Testifier will be present: No  
Submitted by: **Gwen Ilaban**  
Organization: Individual  
Address:  
Phone:  
E-mail: [gfilaban@aol.com](mailto:gfilaban@aol.com)  
Submitted on: 2/11/2011

Comments: