



State of Hawaii  
DEPARTMENT OF AGRICULTURE  
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LATE TESTIMONY

TESTIMONY OF RUSSELL S. KOKUBUN  
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON  
AGRICULTURE

FRIDAY, FEBRUARY 3, 2012, 8:00 AM

HOUSE BILL NO. 2667  
RELATING TO AGRICULTURE

Chairperson Tsuji and Member of the Committee:

Thank you for the opportunity to comment on House Bill No. 2667. The purpose of this bill is to authorize the Department of Agriculture (DOA) to lease lands under its jurisdiction to qualified farmers at a reduced rate for food production and requires the DOA to adopt rules pursuant to chapter 91, HRS, to administer and implement the lease program. The department respectfully opposes this measure.

The DOA understands the concerns over escalating rents, but feels that mandating a "discount", applicable to one sector of the agricultural industry raises serious concerns. The department recognizes that a strong real estate market may have an impact on lease rents; however, in the determination of initial lease rents and rent reopenings, the department has strived for fairness in the methodology utilized. Only the arable portions of leased lands are assessed lease rents and exclude gullies, gulches, streams, drainageways or steep sloping land areas that may make up a portion of the land under lease. It should also be noted that independently appraised rents are established for the initial ten years of the lease term and are generally reopened every ten years thereafter. The rate is fixed with no escalation clause for ten years in most



cases, giving the tenant a significant discount rate for nine years as property values escalate.

The department's land leasing programs are special funded programs. Lease rent revenue is the program's sole source of funds and cover the operational costs of managing, administering and overseeing the lands. In the event that "discounted" rents are permitted for edible crop producers, additional oversight by program staff will be required to maintain the tenant's compliance with the provisions of the lease. The lowering of lease rents for lands attributable to edible crop production may require a corresponding increase for all other categories of leased lands to cover the reduced, revenue and additional staffing requirements.

Lease rents currently charged by the department for agricultural parks and non-agricultural park lands average \$236.00 per acre per year versus the statewide average of \$256.00 per acre per year according to the Hawaii Agricultural Statistics Service, a branch of the U.S. Department of Agriculture's National Agricultural Statistics Service. Location, size, topography, available utilities and public access are some of the items considered in appraising real property.

Finally, the department has several additional concerns regarding requiring the land program to provide "discounted" rents for leases involving food production. How would lease rents be established for a qualified farmer who produces both edible crops as well as landscape or nursery products? Should only the acreage attributable to food crop production be discounted? How would rents be established for orchard versus vegetable crops? Both are edible crops, except that fruit orchards generally require a longer grow-out period versus vegetable crops and will place cash flow pressure on the orchard farmer. The department does not wish to be in the business of telling farmers what they should grow.

Thank you for the opportunity to submit testimony.

# LATE TESTIMONY



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

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FEBRUARY 3, 2012

HEARING BEFORE THE  
HOUSE COMMITTEE ON AGRICULTURE

TESTIMONY ON HB 2667  
RELATING TO AGRICULTURE

Room 312  
8:00 AM

Chair Tsuji, Vice Chair Hashem, and Members of the Committee:

I am Brian Miyamoto, Chief Operating Officer and Government Affairs Liaison for the Hawaii Farm Bureau Federation (HFBF). Organized since 1948, the HFBF is comprised of 1,800 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community.

Hawaii Farm Bureau Federation opposes HB 2667, which authorizes the Department of Agriculture to provide reduced land lease rates for those growing food.

Agriculture is interconnected. Nursery growers and food producers need to coexist. If we only grew food and no flowers, the consumers will still demand flowers. This will mean we must import flowers that contain the same invasive species that attack food crops. Therefore, it is in the interest of Hawaii to have a diversity of agricultural crops within which we can have viable farmers and ranchers growing food products.

We do not believe favoring one type of agriculture is in the interest of Hawaii's efforts to increase self-sufficiency or sustainability.

I can be reached at (808) 848-2074 if you have any questions. Thank you for the opportunity to testify.



# Sierra Club Hawai'i Chapter

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## HOUSE COMMITTEE ON AGRICULTURE

February 3, 2012, 8:00 A.M.  
(Testimony is 1 page long)

### TESTIMONY IN SUPPORT OF HB 2667 WITH PROPOSED AMENDMENTS

Aloha Chair Tsuji and Members of the Committee:

The Sierra Club, Hawaii Chapter, with 9000 dues paying members and supporters statewide, **supports** HB 2667. This measure allows the department of agriculture to lease lands for food production and below market value.

We import approximately ninety per cent of our food. Currently, Hawaii has a fresh supply of produce for no more than ten days. Ninety per cent of the beef, sixty-seven per cent of fresh vegetables, sixty-five per cent of fresh fruits, and seventy per cent of all milk consumed in the state are imported.

Plainly food production in this state needs to be treated differently; and, in fact, should be identified as a state priority. We suggest amending the bill to indicate that Department shall give **preferential** treatment to qualified farmers that commit to food production. This would help ensure that the State priorities food production, particularly state land, on a going-forward basis.

Mahalo for the opportunity to testify.