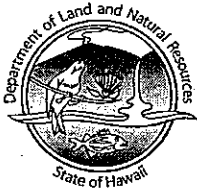


NEIL ABERCROMBIE
GOVERNOR OF HAWAII



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

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

WILLIAM J. AILA, JR.
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

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

**Before the House Committee on
WATER, LAND & OCEAN RESOURCES**

**Monday, February 6, 2012
10:20 A.M.
State Capitol, Conference Room 325**

**In consideration of
HOUSE BILL 2822
MAKING AN APPROPRIATION TO
THE DEPARTMENT OF LAND AND NATURAL RESOURCES**

House Bill 2822 appropriates \$1,000,000 in general funds in Fiscal Year 2012-2013 to the Department of Land and Natural Resources (Department) for staffing and operating expenses for the Department's Dam Safety Program. The Department supports the intent of this measure to protect the public by ensuring the safety of dams; however, the Department has concerns regarding the cost implications it may have on the Administration's Executive Supplemental Budget request.

The Department notes that prior to Fiscal Year 2009-2010, the Dam Safety Program was entirely general-funded. Currently, staffing and operating expenses for the Dam Safety Program are now funded through departmental special funds and dam related fees collected.

Thank you for the opportunity to comment.



Hawaii Cattlemen's Council, Inc.

P O Box 437199 Kamuela HI 96743

Phone (808) 885-5599 • Fax (808) 887-1607

e-mail: HCattlemens@hawaii.rr.com

COMMITTEE ON WATER, LAND, & OCEAN RESOURCES
Monday February 6, 2012 10:20 a.m. Room 325

HB 2822 MAKING AN APPROPRIATION TO THE DEPARTMENT OF LAND AND NATURAL RESOURCES

Chair Chang, Vice Chair Har and Members of the Committee:

My name is Alan Gottlieb, and I am a rancher and the Government Affairs Chair for the Hawaii Cattlemen's Council. The Hawaii Cattlemen's Council, Inc. (HCC) is the Statewide umbrella organization comprised of the five county level Cattlemen's Associations. Our 130+ member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of approximately 25% of the State's total land mass.

The Hawaii Cattlemen's Council **strongly supports** HB 2822

After the tragedy at Kaloko, this legislature passed new laws to improve the safety of our State's Dams and Reservoirs. Prior to Kaloko, it is our understanding, the State had but one inspector for all of the State's Dams and Reservoirs. After the new legislation was passed, the legislature did appropriate funds to run DLNR's Dam Safety office, but we understand those funds were raided in recent years. We also understand that the annual budget to run that DLNR Safety office is in excess of \$1 million per year. In late 2010, the Board of Land & Natural Resources approved new regulations which in part would make annual fees for public and private dams and reservoirs in this state unaffordable for their operators. So far, The governor has wisely not signed the new rules, regulations and fees into law. We do not believe that the intent of the Dam and Reservoir safety law is to put farmers and ranchers out of business with annual fees, but that is exactly what might happen. We believe these new rules and fees would lead to the closure of many dams and reservoirs, the opposite of what we need in this State if we want to increase our agricultural self sufficiency and improve our food security. Providing funds to the Dam Safety Office, as proposed by this bill, would greatly assist the agricultural industry by limiting the crippling fees proposed in the new rules and regulations.

Thank you for giving me the opportunity to testify in favor of this very important issue.



822 Bishop Street
Honolulu, Hawaii 96813
P.O. Box 3440
Honolulu, HI 96801-3440
www.alexanderbaldwin.com
Tel (808) 525-6611
Fax (808) 525-6652

**HB 2822
RELATING TO MAKING AN APPROPRIATION TO THE DEPARTMENT OF LAND
AND NATURAL RESOURCES**

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

FEBRUARY 6, 2012

Chair Chang and Members of the House Committee on Water, Land & Ocean

Resources:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) and Hawaiian Commercial & Sugar Company (a division of A&B) on HB 2822, "A BILL FOR AN ACT RELATING TO MAKING AN APPROPRIATION TO THE DEPARTMENT OF LAND AND NATURAL RESOURCES." We support this bill.

Alexander & Baldwin and its agricultural company Hawaiian Commercial & Sugar Company (HC&S) have 30 regulated reservoirs on Maui which are in active use by HC&S. Because these dams and reservoirs are a vital part of our agricultural operations, they are operated, monitored, and maintained on an on-going basis. These facilities enable the storage of water so that HC&S can better weather periods of drought. These facilities also enable us to make optimum use of water resources—by capturing waters during heavy rainfall periods, less has to be used from surface water sources and wells during other times. They are absolutely integral to our ability to continue to keep tens of thousands of acres in agriculture in this state.

In addition to serving as a valuable water resource for Hawaii's agricultural industry, dams and reservoirs also provide several other significant benefits to the

general public. Many of these facilities also provide drinking water for residential communities, renewable energy by way of hydropower, and flood control and drainage for public safety.

The Department of Land & Natural Resources has indicated that in 2009, general fund appropriations for personnel and other operating expenses for their Dam Safety Office were deleted from the State Budget, and that this office must presently rely on special funds to finance its operations. Premised upon the need to raise the revenue necessary to run this office, DLNR is proposing the establishment of a new Annual Fee in the amount of \$500 plus \$110 per foot of height of the dam for all regulated dams throughout the State. This fee, which averaged \$4,375 per regulated dam, would be a recurring annual fee that owners of dams would need to bear over and above other costs and expenditures required to upgrade their dams and reservoirs to meet regulatory and other requirements.

While we recognize that the elimination of general funds from the DLNR's operating budget is prompting their proposal to assess higher fees to fund this mandated program, to essentially require Hawaii's agricultural industry to shoulder a majority of the costs of a program that is there to protect the health and safety of the larger public appears unfair--and untenable by the agricultural industry, an industry that is not largely profitable, yet provides significant benefits to the broader community and economy. Many of Hawaii's communities, particularly on the neighbor islands, sprung up around pre-existing agricultural operations, often sharing in their infrastructure, co-existing with the agricultural surroundings. For this reason, and because the preservation of Hawaii's agricultural industry is a priority of this state, we believe that the

costs to operate, oversee and implement Hawaii's Dam Safety Program warrants funding from the broader community.

This bill, which proposes to restore general fund appropriations for personnel and other operating expenses for the Dam Safety Office, will provide a broad based source of revenue to fund the operations of this office. This bill will also greatly assist in lessening the total amount needed to be raised by the proposed Annual Fee to finance departmental operations.

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