



State of Hawaii
DEPARTMENT OF AGRICULTURE
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TESTIMONY OF RUSSELL KOKUBUN
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON WATER AND LAND
MARCH 18, 2013
Room 325
8:35 A.M.

SENATE BILL NO. 1166 SD 1
RELATING TO THE CONVEYANCE TAX

Chairperson Evans and Members of the Committee:

Thank you for the opportunity to provide testimony on Senate Bill No. 1166 SD 1, relating to the conveyance tax. The purpose of this measure is to increase the conveyance tax on certain real estate transactions and directs an additional amount of conveyance tax revenues to the natural area reserve fund for watershed protection and invasive species control. The Department of Agriculture supports this measure.

Generally speaking, there are three components that are necessary for agriculture to be successful – land, labor, and water. The lack of any one of these would result in the loss of viability for an agricultural endeavor. As an island state, the Department agrees with the Department of Land and Natural Resources as to the importance of securing Hawaii's water supply. The Department is in support of efforts to increase the ability to capture water and sustain critical water resources.

Furthermore, the Department is in support of resources being allocated to the Invasive Species Council to help battle invasive species. Beyond the damage that invasives can incur on our natural watershed resources, these same invasives can

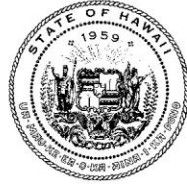


result in crop damage, livestock deaths, and overall increased expenses for farmers decreasing their profitability and their likelihood for success.

We thank you for the opportunity to provide our testimony on this measure.

NEIL ABERCROMBIE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

FREDERICK D. PABLO
DIRECTOR OF TAXATION

JOSHUA WISCH
DEPUTY DIRECTOR

To: The Honorable Cindy Evans, Chair
and Members of the House Committee on Water and Land

Date: Monday, March 18, 2013

Time: 8:35 A.M.

Place: Conference Room 325, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: S.B. No. 1166, S.D. 1 Relating to the Conveyance Tax

The Department of Taxation (Department) **strongly supports** SB 1166, SD 1, and provides the following information and comments for your consideration.

S.B. 1166, S.D. 1 increases the Conveyance Tax by an unspecified amount on transfers of real property with values of at least \$2 million. The measure also increases amounts deposited in the rental housing trust fund and the natural area reserve fund.

Thank you for the opportunity to provide comments



23 E. Kawili St, Hilo, HI 96720 • Phone: (808) 933-3340

Supporting SB 1166: Relating to the Conveyance Tax
House WAL Committee
March 18, 2013 8:35

Thank you for convening this hearing and considering the importance of increasing revenue for the Natural Area Reserve Fund. The Big Island Invasive Species Committee strongly supports SB 1166, which increases the conveyance tax on high-end real estate transactions and directs an additional ten percent of conveyance tax proceeds to the Natural Area Reserve Fund for watershed protection and invasive species control.

Invasive species are among the most significant threats to our watersheds, native species habitats, cultural areas, recreation areas, and agricultural lands. Increasingly, invasive species including imported snakes, the Little Fire Ant and the towering, but short lived and brittle albizia tree, also pose a threat to the health and safety of our citizens. The island Invasive Species Committees (ISCs) are public-private partnerships working diligently to detect and control new introductions of invasive species in the state and to manage the spread of those we already have, yet the ISCs have no dedicated source of state funding. The ISCs have been highly successful at leveraging state funds we do receive to attract private, federal, and county money. Supporting this measure sends the message that our state government understands the cost savings of a preventive, rather than reactive approach to invasive species control. A more robust and reliable source of state funding improves the ability of the ISCs to attract matching funds, and to focus more time achieving project objectives.

The choice to direct conveyance tax dollars is well reasoned. On Hawaii Island, since the loss of the sugar industry, large properties belonging to investment and absentee landowners serve as increasingly costly source populations of invasive species, including albizia, miconia, and coqui frogs. Landowners who do not live on or work the land they own have little incentive to invest in controlling invasive species which therefore proliferate unchecked. These land owners are often difficult to locate or contact for permission to access their lands for survey and control work, delaying and increasing the cost of future work. When they sell their land, they pass these costs on to the new owners, to the invasive species control programs that must control their spread to public lands.

Large properties owned locally, even by responsible and cooperative land stewards, will still receive a great deal. Imagine that we have spent approximately \$10,000 controlling invasive plants on one property this year, and project the need for \$5,000 of monitoring and control work each year for four more years to stop regeneration, for a total of \$30,000 in BIISC funds. Although this work directly protects the watershed and the profitability of grazing land,

the landowner's only contribution is allowing access to the property (which *is* a precious gift in our line of work). Consider a situation in which the property will soon be sold for about \$12 million, most likely to a mainland investment company. The portion of the increased conveyance tax that the NARF would receive from this sale, \$24,000, would cover 80% of the total cost of control—a nice discount for the landowner. Considering the highly leveraged funding structure of the ISCs, the entire cost of that project would be covered by the land sale and federal/private funding match—if SB 1166 is passed.

We recognize that we do not directly work on every high value property that is sold, however, *every* citizen benefits from well managed agricultural lands and watersheds. On the Big Island, our ranchers depend on public-private partnerships to keep their lands profitable. Where invasive species control has failed, these family businesses have failed. Many of our most valuable properties in Hawaii are found in the leeward, urban zones—areas of low rainfall. Their access to cheap, reliable drinking and irrigation water is a direct result of state investment in watershed protection.

Raising the conveyance tax on high-end properties will not interfere with transactions. Buyers rarely consider this tax when purchasing property. Most focus on interest rates for loans and mortgages, and the conveyance tax is almost always included in the mortgage, spread over many years. There would be negligible impact to sellers and buyers.

The positive impacts of this bill are significant. Only 10% of our watersheds in Hawai'i are protected and managed. Invasive species programs are working at 60% funding, compared to pre-2008 levels, and despite every form of cost-cutting, are conducting far less work as a result. SB 1166 will drive 'on the ground' results to protect native forests and secure Hawaii's watersheds for future generations.

Mahalo for your support of this important measure.

Testimony of The Nature Conservancy of Hawai'i
Supporting S.B. 1166 SD 1 Relating to the Conveyance Tax
House Committee on Water and Land
Monday, March 18, 2013, 8:35AM, Room 325

The Nature Conservancy of Hawai'i is a private non-profit conservation organization dedicated to the preservation of the lands and waters upon which life in these islands depends. The Conservancy has helped to protect nearly 200,000 acres of natural lands in Hawai'i. Today, we actively manage more than 35,000 acres in 11 nature preserves on Maui, Hawai'i, Moloka'i, Lāna'i, and Kaua'i. We also work closely with government agencies, private parties and communities on cooperative land and marine management projects.

The Nature Conservancy of Hawai'i strongly supports S.B. 1166 SD1 and its purpose to generate additional funding to protect Hawai'i's forested watersheds and to control invasive species. We would also support increased funding in this measure to help meet the state's critical affordable rental housing needs via the State Rental Housing Trust Fund.

Under HRS §247-7, a portion of conveyance tax revenue has been appropriately used for land preservation and forested watershed conservation via the DLNR's Land Conservation Fund and the Natural Area Reserve Fund, respectively. The Legislature recognized this clear nexus in Act 156 (HB 1308 CD1, 2005), stating:

The legislature has also determined that there is a clear nexus between the source of the conveyance tax and providing funding for watershed protection and other natural resource preservation programs. The development, sale, and improvement of real estate in Hawaii adds additional pressure on natural areas, coastal access, agricultural production, and Hawaii's water resources and watershed recharge areas.

While the development and sale of real estate can have very positive effects on the state's economy, it also poses some significant challenges. For example, fresh water is not a limitless resource that can forever be tapped to support developed real estate. The source of fresh water is not the faucet, pipe, or even the well or stream it's drawn from. The real source is a system of healthy forested watersheds—not forests overrun by invasive plants and animals—that captures rain and cloud moisture and delivers it efficiently to aquifers and surface sources for subsequent consumption in our daily lives.

Over the years, enormous amounts have been invested in the development and sale of real estate in Hawai'i. However, we make a comparatively tiny investment in protecting the natural resources that also drive our economy and provide benefits that allow us to survive in the middle of the Pacific. Several locations in the state are experiencing ongoing drought, water management areas being declared, climate change is likely to produce more severe storms but overall less rainfall, and the University of Hawaii's 2012 Rainfall Atlas catalogues a century of declining rainfall that is worse in recent decades.

We must plan and implement mitigative and adaptive measures to ensure the resilience of our natural and human systems. One of the most effective tools we have to help address the effects of climate change and declining rainfall in Hawai'i is to protect our forests. Healthy and diverse Hawaiian forests that are not degraded by invasive pests act like a sponge, collecting rain and moisture from passing clouds, slowly delivering fresh water into streams and aquifers, absorbing greenhouse gases, and reducing runoff and siltation into streams and onto coral reefs during storm events.

This bill is a wise investment in our future. We urge your support.

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lowen1-Kyli

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 17, 2013 1:32 PM
To: waltestimony
Cc: bettylou.larson@catholiccharitieshawaii.org
Subject: Submitted testimony for SB1166 on Mar 18, 2013 08:35AM
Attachments: SB 1166-CONVEYANCE TAX-Nars & RHTF-SocPol-House WAL 3-18-13.doc

SB1166

Submitted on: 3/17/2013

Testimony for WAL on Mar 18, 2013 08:35AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
betty Lou Larson	Catholic Charities Hawaii	Support	Yes

Comments: Amendment requested: also increase percentage of the conveyance tax to the Rental Housing Trust Fund to 50%.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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CATHOLIC CHARITIES HAWAII

SUPPORT, with suggested AMENDMENT, FOR SB 1166, SD1: RELATING TO THE CONVEYANCE TAX

TO: Representative Cindy Evans, Chair, Representative Nicole E. Lowen, Vice Chair, and Members Committee on Water & Land

FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawaii

Hearing: Monday, 3/18/13; 8:35 am; CR 325

Chair Evans, Vice Chair Lowen, and Members, Committee on Water & Land:

Thank you for the opportunity to provide **strong support of SB1166** to direct an additional ten percent of the proceeds to the Natural Area Reserve Fund for watershed protection and invasive species control. I am Betty Lou Larson, Legislative Liaison for Catholic Charities Hawaii. Catholic Charities strongly supports this funding for land protection which is critical to Hawaii's future.

Amendment for page 7, line 8: Catholic Charities Hawaii also urges you to restore the percentage of the conveyance allocated to the Rental Housing Trust Fund (RHTF) to 50%. In 2006, the Legislature recognized the dire need for more affordable housing, and increased the percentage of the conveyance tax allocated to the Trust Fund to 50% of the tax proceeds. With the economic crisis of the past few years, the amount to the Trust Fund has been dramatically decreased. It dropped to 30 percent in 2008, with the amount set at 25 percent from 2009-2012. As of July 1, 2012, the allocation was reset to 30% of the conveyance tax. The conveyance tax is the only dedicated source of funding to the RHTF. This is projected to yield only \$10 million for FY 13. This will not achieve the production of the 13,000 affordable rental units that are needed in the state.

As well as land protection, creating more affordable rental housing is also critical to our state's future. Homelessness impacts on our tourist industry and on daily life in our neighborhoods. Hawaii has the 3rd highest rate for homelessness among the states. Catholic Charities receives calls every day from people who need an affordable place to live. The Rental Housing Trust Fund has a proven record of creating affordable rental units. It establishes public-private partnerships that leverage resources to add more affordable units to Hawaii's housing stock. The RHTF has many more applications than can be funded. In FY 2012, the Trust Fund received \$37 million in project requests but was only able to commit \$20.7 million for 4 out of the 9 projects due to limited resources.

We urge your support of this bill to increase funding to NARS as well as to **amend it to restore 50% of the conveyance tax to the Rental Housing Trust Fund** to provide a legacy of affordable housing.



March 18, 2013

The Honorable Cindy Evans, Chair
House Committee on Water & Land
State Capitol, Room 325
Honolulu, Hawaii 96813

RE: S.B. 1166, S.D.1, Relating to Conveyance Tax

HEARING: Monday, March 18, 2013 at 8:35 a.m.

Aloha Chair Evans, Vice Chair Lowen, and Members of the Committee:

I am Myoung Oh, Government Affairs Director, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,000 members. HAR **strongly opposes** S.B. 1166, S.D.1 which increases the Conveyance Tax on certain real estate transactions.

This measure proposes to increase the Conveyance Tax on real estate transactions of \$2 million and higher. **The Conveyance Tax applies to the conveyance of multi-family rentals, land for residential subdivisions, mixed-income and multi-use properties, commercial properties, resort properties, and agricultural lands, as well as condominium and single-family homes.**

HAR believes that, while watershed protection may have value, the Conveyance Tax increases set forth in S.B. 1166, S.D.1 will again increase the already high cost of housing, living and doing business in Hawaii.

In 2005, the Conveyance Tax was increased on a tiered scale on 1) the sale of realty for all transfers or conveyance of realty or any interest (i.e. commercial, timeshare, agricultural, industrial, etc, and condominium or single family residence for which the purchaser is eligible for a county homeowner's exemption) and 2) the sale of a condominium or single family residence for which the purchaser is ineligible for a county homeowner's exemption.

In 2009, the Legislature once again increased the Conveyance Tax on 1) the sale of realty from 30 cents per \$100 (.30%) for properties over \$1,000,000 to a maximum of \$1.00 (1%) per \$100 for properties over \$10,000,000 -- an increase of over 333%, and 2) the sale of a property ineligible for a county homeowner exemption from 30 cents per \$100 to \$1.25 per \$100 (1.25%) -- an increase of over 416.66%.

The Conveyance Tax applies whether or not a property is sold at a gain or a loss. HAR further adds that the Conveyance Tax was originally created to cover administrative costs of

recording real estate transactions, such as those performed by the Bureau of Conveyance, for which there is a clear nexus. We believe the allocation structure of the Conveyance Tax should benefit those programs and initiatives where there is a clear linkage such as the Rental Housing Trust Fund.

Hawaii's natural resources are enjoyed by residents and visitors as a whole, and as such, should be supported via funds from a broader tax base because of the broad public benefit.

Mahalo for the opportunity to submit comments in strong opposition.



Testimony to the House Committees on Water and Land
Monday, March 18, 2013
8:35 a.m.
State Capitol - Conference Room 325

RE: SENATE BILL NO. 1166 SD 1, RELATING TO CONVEYANCE TAX

Chair Evans and Vice Chair Lowen, and members of the committee:

The Chamber of Commerce of Hawaii opposes S.B. No. 1166. The bill proposes to increase the Conveyance Tax on certain real estate transactions and to direct an additional amount of Conveyance Tax proceeds to the Natural Area Reserve Fund for watershed protection and invasive species control.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

The Conveyance Tax was created to cover the administrative costs of recording the real estate transactions, such as those performed by the Bureau of Conveyance. With the recent amendments to the statutes, the conveyance tax is deposited into the general fund with the following allocations:

1. Ten per cent shall be paid into the **Land Conservation Fund** established pursuant to section 173A-5;
2. Twenty-five per cent from July 1, 2009, until June 30, 2012, and thirty per cent in each fiscal year thereafter shall be paid into the **Rental Housing Trust Fund** established by section 201H-202; and
3. Twenty per cent from July 1, 2009, until June 30, 2012, and twenty-five per cent in each fiscal year thereafter shall be paid into the **Natural Area Reserve Fund** established by section 195-9; provided that the funds paid into the natural area reserve fund shall be annually disbursed by the department of land and natural resources in the following priority:
 - a. To natural area partnership and forest stewardship programs after joint consultation with the forest stewardship committee and the natural area reserves system commission;

- b. Projects undertaken in accordance with watershed management plans pursuant to section 171-58 or watershed management plans negotiated with private landowners, and management of the natural area reserves system pursuant to section 195-3; and
- c. The youth conservation corps established under chapter 193.

We are deeply troubled by the manner in which the Conveyance Tax has been used to generate reviews for unrelated purposes. There is no rational nexus between the real estate transactions that are being taxed at conveyance, and the uses identified in HRS 247 as the beneficiaries of the tax. We do not believe that the conveyance tax is being used in an appropriate manner. We believe the Auditor of the State of Hawaii had similar findings.

In July 2012 the Auditor of the State of Hawaii prepared a report entitled, "Study of the Transfer of Non-general Funds to the General Fund," Report No. 12-04. On page 26 of the report, the Auditor found:

"In 2002, the Legislature set the criteria for determining whether special or revolving funds should be established or continued through Act 178, SLH 2002 and codified in Sections 37-52.3 and 37-52.4, HRS. To justify the creation and continuance, the Legislature must ensure that a special or revolving fund:

- Serves the purpose for which it was originally established;
- Reflects a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program, as opposed to serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process; . . ."

The Report also contains the following findings on two of the funds receiving funding through the Conveyance Tax (pages 29 and 30):

"Another example of a fund that has no benefit-user charge linkage is the Department of Land and Natural Resources' Land Conservation Fund. Under Section 247-7(1), HRS, the Legislature authorized funding from 10 percent of the state real property conveyance tax receipts. However, the purpose of the fund is to conserve and protect lands having value as a resource to the state through either acquisition of property or through permanent conservation easements to protect resource values. Hence, beneficiaries of the conservation and preservation programs are state residents as a whole, and as such the programs should be supported by funding from a broader tax because of the broad public benefit. Although the Legislature determined the conveyance tax an appropriate means of funding conservation of natural resources, the Land Conservation Fund established under Section 247-7(1), HRS, the program should draw support from the general fund rather than a tax charged on individuals and companies involved in real estate transactions."

"Likewise, the Natural Area Reserve Fund has minimal linkage between the benefits and the fund revenue, which comes from conveyance taxes paid on real estate transactions. The fund supports programs such as the Natural Area Partnership and Forest Stewardship programs, projects undertaken in accordance with watershed management plans, and the Youth Conservation Corps. Individuals that pay this tax may benefit from the Natural Area Reserves program, but so do other Hawai'i residents and visitors to the state."

While we strongly support the various programs receiving funding from the revenues generated by the Conveyance Tax, we do not believe that the conveyance tax is the appropriate means to fund these programs. Finally, we question whether this specific type of legislation would even be introduced if the Conveyance tax were limited to its original purpose of recording real estate transactions.

Thank you for the opportunity to express our views on this matter.

BIA-HAWAII

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Castle & Cooke Homes Hawaii, Inc.

Testimony to the House Committees on Water and Land

Monday, March 18, 2013

8:35 a.m.

State Capitol - Conference Room 325

RE: S.B. 1166 S.D. 1, RELATING TO CONVEYANCE TAX

Dear Chair Evans, Vice-Chair Lowen, and members of the Committee:

My name is Gladys Marrone, Director of Government Relations for the Building Industry Association of Hawaii (BIA-Hawaii), the voice of the construction industry. BIA-Hawaii promotes its members through advocacy and education, and provides community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization, chartered in 1955, and affiliated with the National Association of Home Builders.

BIA-Hawaii **opposes** S.B. 1166, S.D. 1. The bill proposes to increase the conveyance tax on certain real estate transactions and to direct an additional amount of conveyance tax proceeds to the Natural Area Reserve Fund for watershed protection and invasive species control.

The conveyance tax was created to cover the administrative costs of recording real estate transactions, such as those performed by the Bureau of Conveyance. With the recent amendments to the statutes, however, the conveyance tax is deposited into the general fund with the following allocations:

1. Ten per cent shall be paid into the **Land Conservation Fund** established pursuant to section 173A-5;
2. Twenty-five per cent from July 1, 2009, until June 30, 2012, and thirty per cent in each fiscal year thereafter shall be paid into the **Rental Housing Trust Fund** established by section 201H-202; and
3. Twenty per cent from July 1, 2009, until June 30, 2012, and twenty-five per cent in each fiscal year thereafter shall be paid into the **Natural Area Reserve Fund** established by section 195-9; provided that the funds paid into the natural area reserve fund shall be annually disbursed by the department of land and natural resources in the following priority:
 - a. To natural area partnership and forest stewardship programs after joint consultation with the forest stewardship committee and the natural area reserves system commission;
 - b. Projects undertaken in accordance with watershed management plans pursuant to section 171-58 or watershed management plans negotiated with private landowners, and management of the natural area reserves system pursuant to section 195-3; and
 - c. The youth conservation corps established under chapter 193.

We are deeply troubled by the manner in which the conveyance tax has been used to generate revenues for unrelated purposes. There is no rational nexus between the real estate transactions that are being taxed at conveyance and the uses identified in Chapter 247, HRS, as the beneficiaries of the tax. We do not believe that the conveyance tax is being used in an appropriate manner. We believe the Auditor of the State of Hawaii had similar findings.

In July 2012 the Auditor of the State of Hawaii prepared a report entitled, "Study of the Transfer of Non-general Funds to the General Fund," Report No. 12-04. On page 26 of the report, the Auditor found:

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- *serves the purpose for which it was originally established;*
- *reflects a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program, as opposed to serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process; . . ."*

The Report also contains the following findings on two of the funds receiving funding through the Conveyance Tax (pages 29 and 30):

"Another example of a fund that has no benefit-user charge linkage is the Department of Land and Natural Resources' Land Conservation Fund. Under Section 247-7(1), HRS, the Legislature authorized funding from 10 percent of the state real property conveyance tax receipts. However, the purpose of the fund is to conserve and protect lands having value as a resource to the state through either acquisition of property or through permanent conservation easements to protect resource values. Hence, beneficiaries of the conservation and preservation programs are state residents as a whole, and as such the programs should be supported by funding from a broader tax because of the broad public benefit. Although the Legislature determined the conveyance tax an appropriate means of funding conservation of natural resources, the Land Conservation Fund established under Section 247-7(1), HRS, the program should draw support from the general fund rather than a tax charged on individuals and companies involved in real estate transactions."

"Likewise, the Natural Area Reserve Fund has minimal linkage between the benefits and the fund revenue, which comes from conveyance taxes paid on real estate transactions. The fund supports programs such as the Natural Area Partnership and Forest Stewardship programs, projects undertaken in accordance with watershed management plans, and the Youth Conservation Corps. Individuals that pay this tax may benefit from the Natural Area Reserves program, but so do other Hawai'i residents and visitors to the state."

While we strongly support the various programs receiving funding from the revenues generated by the conveyance tax, we do not believe that the conveyance tax is the appropriate means to fund these programs. Finally, we question whether this specific type of legislation would even be introduced if the Conveyance tax were limited to its original purpose of recording real estate transactions.

We do not believe that S.B. 1166, S.D. 1 utilizes the conveyance tax in an appropriate manner. The proposed bill only exacerbates the current problem.

Thank you for the opportunity to express our views on this matter.



House of Representatives
Committee on Water and Land
March 18, 2013
8:35 a.m., Conference Room 325
State Capitol

Testimony in Support of SB 1166 SD1

Aloha Chair Evans and Members of the Committee,

The Coordinating Group on Alien Pest Species (CGAPS) **supports SB 1166 SD1**, *Relating to the Conveyance Tax*, which would provide critical funding for watershed protection and formally specify invasive species control as fundable.

As you know, with more people and more industry, the demand for fresh water is growing. At the same time, the exponential spread of water-wasting invasive species like strawberry guava and changing climate patterns threaten the ability of forests to deliver fresh water. Funding to increase protection for priority watersheds by fencing, ungulate and invasive plant removal is key. As high a priority is the long-term invasive species control work that is provided by biocontrol, and the early detection/rapid response work done by the Invasive Species Committees and other groups.

We must recognize that the threats to, and demands on our watershed forests are greater than ever, and will continue to increase. Passage of SB 1166 SD1 would help provide the funding necessary for the hard work that must be done. Mahalo for your consideration.

Aloha,

Christy Martin
Coordinating Group on Alien Pest Species (CGAPS)
Ph: (808) 722-0995

lowen1-Kyli

From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 15, 2013 7:29 PM
To: waltestimony
Cc: wichman@ntbg.org
Subject: Submitted testimony for SB1166 on Mar 18, 2013 08:35AM

SB1166

Submitted on: 3/15/2013

Testimony for WAL on Mar 18, 2013 08:35AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Chipper Wichman		Support	No

Comments: Dear Committee Members, As the Chair of the Kaua'i Watershed Alliance (KWA) and the Director and CEO of the National Tropical Botanical Garden (NTBG), I am writing to you to express my **STRONG** support for SB 1166 Relating To The Conveyance Tax, particularly its proposal to use revenue to support watershed protection programs. The Kauai Watershed Alliance (KWA) has been actively managing portions of the mauka watershed on Kauai since 2003. Our members make up a diverse group of public and private entities including the Kauai Water Department, who own land within the mountainous watershed and understand the importance of protecting and preserving the forests that capture the water - our most precious resource. Healthy and diverse Hawaiian forests that are not degraded by invasive pests act like a sponge, collecting rain and moisture from passing clouds, slowly delivering fresh water into streams and aquifers, absorbing greenhouse gases, and reducing runoff and siltation into streams and onto coral reefs during storm events. Hawaii's Natural Resources are unique and provide value for our people and our economy; and thus would make them a reasonable beneficiary to a portion of the funds generated by such a measure. Mahalo for your support. Chipper Wichman - KWA Chair & NTBG Director and CEO

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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David Derauf, M.D.
 Marc Fleischaker, Esq.
 Naomi C. Fujimoto, Esq.
 Patrick Gardner, Esq.
 Francis T. O'Brien, Esq.
 David J. Reber, Esq.

Victor Geminiani, Esq.

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
 Supporting SB 1166 Relating to the Conveyance Tax
 House Committee on Water and Land
 Scheduled for Hearing Monday, March 18, 2013, 8:35 AM, Room 325

Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit, 501(c)(3) law firm created to advocate on behalf of low income individuals and families in Hawai'i on civil legal issues of statewide importance. Our core mission is to help our clients gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security.

Thank you for an opportunity to testify in support of Senate Bill 1166, which would increase the conveyance tax on certain transactions and direct an additional ten percent of the proceeds to the Natural Area Reserve Fund for watershed protection and invasive species control.

In addition to increasing funds for watershed and invasive species initiatives, we respectfully encourage the committee to amend the bill by increasing the percent of conveyance tax revenues dedicated to the Rental Housing Trust Fund.

Hawai'i faces a severe shortage of affordable housing:

- More than 75 percent of poor households are paying more than half their income in housing costs.
- Among the states, Hawai'i has the third highest rate of homelessness.
- In the next four years, Hawai'i will need 13,000 more rental units to meet the need for affordable rentals.

The Rental Housing Trust Fund is a major tool for the creation of affordable housing with a long record of success. The Fund may be used to provide loans for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of affordable rental housing units.

- As of June 2012, 4,250 rental units have been created or are in development thanks to the assistance of the Rental Housing Trust Fund and other leveraged funding.
- The public-private partnerships created by the fund help develop long broader, long-term strategies to address our affordable housing needs.
- However, the Fund is not able to fund many qualified projects due to lack of funds. It received \$37 million in project requests in FY 2012 alone, but was only able to commit \$20.7 for four of the nine projects submitting requests. Many projects are ready to be developed and only waiting on funding.
- The conveyance tax is the only dedicated source of funding for this program, and the amount allocated has been dramatically reduced over the last six years, from 50 percent in 2006 to 30 percent.

We completely agree that the environmental initiatives proposed in this bill are crucial to preserving Hawai'i's environmental and natural resources and support the proposed increases. But we also emphasize that the lack of affordable housing and resulting rates of homelessness form a social crisis that requires immediate action. Because this bill increases the conveyance tax on properties valued at over \$2 million, the general fund tax will result in greater overall revenues that can fund both environmental and affordable housing efforts, making both allocations financially feasible.

THE TRUST *for* PUBLIC LAND

CONSERVING LAND FOR PEOPLE

**THE TRUST FOR PUBLIC LAND'S TESTIMONY
IN SUPPORT OF SB 1166, SD 1 RELATING TO THE CONVEYANCE TAX
House Committee on Water & Land
Monday, March 18, 2013, 8:35 a.m., Room 325**

The Trust for Public Land strongly supports SB 1166, SD 1 relating to the conveyance tax. This bill proposes to increase real estate conveyance taxes on real estate sales over \$2 million (although SD 1 currently has the amount of the tax blank). The prior version of the bill sought to increase the Natural Area Reserve Fund's share of the conveyance tax revenues to 35%, and increase the Affordable Housing Rental Trust Fund's share of the conveyance tax revenues to 30% (SD 1 leaves those amounts blank). The Legacy Land Conservation Fund's share of 10% would remain the same.

This bill will increase support for key government services that have been consistently underfunded. The services supported by this tax are invaluable -- the people of Hawai'i need clean drinking water and to get it, Hawai'i must properly manage and protect the forests and watersheds that produce our clean drinking water. We applaud the Legislature's support of the Governor's Rain Follows the Forest Initiative. We also support providing additional support to the Affordable Housing Rental Trust Fund.

Although the Trust for Public Land supports this bill, I will not be able to appear in person to testify due to scheduling conflict.

Mahalo for this opportunity to testify -



Lea Hong
Hawaiian Islands State Director
1136 Union Mall, Suite 202
524-8563 (office), 783-3653 (cell)



Email: communications@uluponoinitiative.com

HOUSE COMMITTEE ON WATER AND LAND
Monday, March 18, 2013 — 8:35 a.m. — Room 325

Ulupono Initiative Supports SB 1166 SD1, Relating to the Conveyance Tax

Chair Evans, Vice Chair Lowen, and Members of the Committee:

My name is Kyle Datta, General Partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase renewable energy, and reduce/recycle waste. Ulupono invests in projects that have the potential to create large-scale, innovative change.

Ulupono supports SB 1166 SD1, which increases the conveyance tax on certain real estate transactions and directs an additional amount of conveyance tax revenues to the natural area reserve fund for watershed protection and invasive species control.

As investors in sustainable local food systems, we at Ulupono understand the critical importance of water and supporting essential watershed protection through proven programs in forest management, invasive species control, land acquisition, and conservation. Hawai'i also needs a healthy water system to ensure the long-term viability of local agriculture.

While real estate sales help Hawai'i's economy, they can also put increased pressure on natural resources including the islands' water supply.

We see a modest increase in the conveyance tax as a sensible, logical and comparatively small investment in protecting the natural resources that are the foundation for our economy and quality of life on our islands. A portion of the conveyance tax is already used to ensure long-term funding to critical natural resource management programs.

Ulupono is a member of the Hawai'i Green Growth Initiative, a diverse group of Hawai'i leaders committed to advancing Hawai'i's sustainability goals. Ulupono believes that working together we can help produce more local food and clean renewable energy while reducing waste.

Respectfully,
Kyle Datta
General Partner





PARTNERS IN CARE Oahu's Coalition of Homeless Providers

TESTIMONY WITH REQUESTED AMENDMENT, FOR SB 1166, SD 1: RELATING TO THE CONVEYANCE TAX

TO: Representative Cindy Evans, Chair; Representative Nicole E. Lowen, Vice Chair; and Members, Committee on Water & Land

FROM: Gladys Peraro, Partners In Care, Advocacy Committee Co-Chair

Hearing: Thursday, 3/18/13; 8:35 am; CR 325

Chair Evans, Vice Chair Lowen, and Members, Committee on Water & Land:

Thank you for the opportunity for Partners In Care (PIC) to testify **in strong support of SB 1166, SD 1**, which would increase the conveyance tax on certain transactions and direct an additional ten percent of the proceeds to the Natural Area Reserve Fund for watershed protection and invasive species control, a measure critical for land protection in Hawaii. I am Gladys Peraro, Advocacy Committee Co-Chair for Partners In Care (PIC), a coalition of care providers focusing on the needs of homeless persons and strategies to end homelessness.

Partners In Care requests amendment to page 7, line 8, Section 247-7, urging the percentage of the conveyance allocated to the Rental Housing Trust Fund (RHTF) to 50%. In 2006, the Legislature recognized the dire need for more affordable housing, and increased the percentage of the conveyance tax allocated to the Trust Fund to 50% of the tax proceeds. With the economic crisis of the past few years, the amount to the Trust Fund has been dramatically decreased, dropping to 30 percent in 2008, with the amount set at 25 percent from 2009-2012. As of July 1, 2012, the allocation was reset to 30% of the conveyance tax. The conveyance tax is the only dedicated source of funding to the RHTF. While this is projected to yield about \$12 million for FY 13, this will not achieve the production of the 13,000 affordable rental units that are needed in the state.

In addition to land protection, SB 1166, SD 1, provides funding streams that will allow for the creation of additional affordable rental housing, which is critical to our state's future. While neighborhoods across Hawaii are impacted by homelessness on a daily basis, especially in urban Honolulu, homelessness also has a direct impact to tourism. Hawaii has the 3rd highest rate for homelessness among the states; a fact evident to all Partners In Care service agencies, who receive calls on a daily basis from individuals who are in need of affordable housing opportunities. The Rental Housing Trust Fund has a proven record of creating affordable rental units. Through a collaborative effort, public-private partnerships are established that leverage resources to add more affordable units to Hawai'i's stock of housing inventory. The RHTF has many more applications than can be funded. In FY2012, the Trust Fund received \$37 million in project requests but was only able to commit \$20.7 million for four (4) out of the nine (9) projects due to limited resources.

Thank you for your time and consideration of SB 1166, SD 1.

Partners In Care, c/o Aloha United Way, 200 N. Vineyard Blvd. Suite 700
Honolulu, Hawaii 96817

lowen1-Kyli

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 17, 2013 4:25 PM
To: waltestimony
Cc: rezentesc@aol.com
Subject: Submitted testimony for SB1166 on Mar 18, 2013 08:35AM

SB1166

Submitted on: 3/17/2013

Testimony for WAL on Mar 18, 2013 08:35AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Cynthia K.L. Rezentes	Leeward Housing Coalition	Support	No

Comments: Aloha, The Leeward Housing Coalition supports the intent of this measure and would request that you also consider and support an increase in the Rental Housing Trust Fund to 50% to provide more funds for the development of much needed affordable housing units. Mahalo, The Leeward Housing Coalition

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OPPOSE SB1166

What amount of herbicide will it take to protect our watersheds from invasive plants?

What is the long term effect of herbicide in perpetuity within our watersheds?

Does our legislature know what types and how much herbicide has been used to kill invasive plants within our watershed in the past, present and future?

This is our watershed, water that we will depend on in the future. Can you with all certainty guarantee that the our future water supply will be safe to drink without knowing the long term effects these chemicals may have on our drinking water?

Glyphosate and its formulations are some of the most used herbicides. Do you know that this has been found to be highly toxic to animals and to humans?

Glyphosate is the active ingredient in herbicide formulations containing it. However, in addition to glyphosate salts, commercial formulations of glyphosate contain additives such as [[surfactant]]s which vary in nature and concentration. Laboratory toxicology studies have suggested that other ingredients in combination with glyphosate may have greater toxicity than glyphosate alone.

Are you aware that toxicologists have studied glyphosate alone, additives alone and formulations but not much tests on the combined effects of these chemicals?
They render them safe by testing them individually but do not test them combined due to the level of toxicity.

A study by the Seralini lab published in 2005 found that glyphosate interferes with aromatase, an estrogen biosynthesis enzyme, in cultures of human [[placental]] cells and that the Roundup formulation of glyphosate had stronger such activity.<ref name=Seralini2005>{{cite journal |doi=10.1289/ehp.7728 |title=Differential Effects of Glyphosate and Roundup on Human Placental Cells and Aromatase |year=2005 |last1=Richard |first1=Sophie |last2=Moslemi |first2=Safa |last3=Sipahutar |first3=Herbert |last4=Benachour |first4=Nora |last5=Seralini |first5=Gilles-Eric |journal=Environmental Health Perspectives |volume=113 |issue=6 |pages=716-20 |pmid=15929894 |pmc=1257596}}</ref> A follow up study by the Seralini lab, published in 2009, showed similar results in human liver cells.<ref name="HepG2">{{cite journal |doi=10.1016/j.tox.2009.06.006 |title=Glyphosate-based herbicides are toxic and endocrine disruptors in human cell lines |

Glyphosate and its formulations found in most herbicides harm the bacterial ecology of soil and cause micronutrient deficiencies in plants, including nitrogen-fixed bacteria. This can have a very serious long term effect to our native forest plants.

Is this the legacy you want to leave to our grandchildren?

For this reason the Hawaii Hunting association strongly OPPOSES more funding to poison our watersheds with no over site by the agency tasked to carry this out.

Tony Sylvester
Hawaii Hunting Association

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 15, 2013 5:25 PM
To: waltestimony
Cc: tony@rmasalesco.com
Subject: Submitted testimony for SB1166 on Mar 18, 2013 08:35AM

SB1166

Submitted on: 3/15/2013

Testimony for WAL on Mar 18, 2013 08:35AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Anthony Borge	Individual	Oppose	No

Comments: We are opposed to SB 1161 SD1 Relating to Conveyance Tax. Please adhere to the intent of the Conveyance Tax and for the purpose it was established. Funding for other projects other than the funding for the Bureau of Conveyances should be derived from the General Fund.

Respectfully Submitted by Anthony Borge

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To: waltestimony
Cc: cbrosius@yahoo.com
Subject: Submitted testimony for SB1166 on Mar 18, 2013 08:35AM

SB1166

Submitted on: 3/15/2013

Testimony for WAL on Mar 18, 2013 08:35AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Chris Brosius	Individual	Support	No

Comments: We lack the funding necessary to adequately protect our native Hawaiian forested watersheds. Forest degradation continues at a high rate due to the influx of invasive species. Our forests are key to the sustainability of our fresh water supply which has been declining in recent decades. Intact native forests efficiently gather, filter, and release precipitation while also increasing the rate of water gathered by passing clouds by as much as 50 percent. Please consider this administrative bill to further safeguard our precious forest resources and ensure the availability of water for our personal, agricultural, industrial and residential needs. This measure has all of Hawaii at its interest.

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Testimony Presented before the
House Committee on Water and Land
Representative Cindy Evans, Chair
Representative Nicole E. Lowen, Vice Chair
by
Dr. Sylvia Yuen

Support for SB 1166 SD1, Relating to the Conveyance Tax

Chair Evans, Vice Chair Lowen, and members of the House Committee on Water and Land: Thank you for the opportunity to present my personal testimony in support of SB 1166 SD 1, which increases the conveyance tax on certain real estate transactions and directs an additional amount of conveyance tax revenues to the natural area reserve fund for watershed protection and invasive species control.

We can live without many things, but we cannot survive without water. Data presented in the University of Hawaii's Rainfall Atlas indicate that rainfall has been declining for the past 100 years in Hawaii, and the situation will be exacerbated in the future as climate change is likely to result in overall less rainfall. The shortage of water can be devastating to Hawaii's agriculture, economy, environment, lifestyle, and wildlife. It is imperative that steps be taken now to ensure fresh water is available in perpetuity. This can be done by protecting our forests—the source of Hawaii's fresh water—as these precious resources may be damaged or lost without immediate action and later interventions will result in higher costs.

Development and real estate contribute to Hawaii's economy, but they also put pressure on our natural resources, including water supplies. The present measure will support essential watershed protection through proven programs in forest management, invasive species control, land acquisition, and conservation which will benefit residents and visitors to our islands. The modest increase in the conveyance tax revenue to protect the source of our fresh water is a wise investment which will yield many benefits to Hawaii's people now and in the future.

lowen1-Kyli

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 16, 2013 9:05 AM
To: waltestimony
Cc: jbowens@hawaii.edu
Subject: Submitted testimony for SB1166 on Mar 18, 2013 08:35AM

SB1166

Submitted on: 3/16/2013

Testimony for WAL on Mar 18, 2013 08:35AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Jesse Owens	Individual	Support	No

Comments: Aloha, Please pass this bill. Conservation of our forests is far-sighted, good planning. Damage to Hawaii's forests costs us in erosion, less water, and less of what makes Hawaii so beautiful and unique. And once the forests are gone, its almost impossible to get them back. Mahalo for your support of this bill, and protecting a critical resource.

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To: waltestimony
Cc: joalex.gypsy@gmail.com
Subject: Submitted testimony for SB1166 on Mar 18, 2013 08:35AM

SB1166

Submitted on: 3/15/2013

Testimony for WAL on Mar 18, 2013 08:35AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Joanna Alexander	Individual	Support	No

Comments: Makes sense to me to devote a portion of conveyance revenues to expand the restoration of Hawaii's miraculous water harvesting forests, thereby providing a more sustainable water supply and additional very worthy occupations.

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Sent: Saturday, March 16, 2013 11:09 AM
To: waltestimony
Cc: jgriffiths62@yahoo.com
Subject: Submitted testimony for SB1166 on Mar 18, 2013 08:35AM

SB1166

Submitted on: 3/16/2013

Testimony for WAL on Mar 18, 2013 08:35AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
John Griffiths	Individual	Oppose	No

Comments: You people are too much because one way or another our politicians are going to make sure special interest groups like NARS will make sure the people of Hawaii and Especially Hawaiians will have no lands left to gather on which is in violation of article 12 sec 7 state of Hawaii Constitution, politicians read it for once and stop violating your own oath of office you hold your hand to . What are you folks thinking by giving NARS and water shed projects money go look at all there failed projects they cannot manage what they already stole from Hawaii . Go look its all there .

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Sent: Saturday, March 16, 2013 2:03 PM
To: waltestimony
Cc: laurag@divefish.com
Subject: Submitted testimony for SB1166 on Mar 18, 2013 08:35AM

SB1166

Submitted on: 3/16/2013

Testimony for WAL on Mar 18, 2013 08:35AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Laura Gray	Individual	Support	No

Comments: I want to ban All patrollium plastics because they are poisoning and choking all living organisms on the planet. I support this bill because the plastics industry has a choke- hold on OUR govt. and so, since we can not win a ban, we can at least get some money for watershed preservation. If we just continue to pave our island, we will have more run-off, more polluted water, more errosion, less fresh water,and no tourists.One can look around the world and find many places where greed and failure to plan intelligently turned a paradise into a third world wasteland that smells like feces. Is this what we want, just so a few people can line their pockets?

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Sent: Saturday, March 16, 2013 3:15 PM
To: waltestimony
Cc: mikagawa@hawaii.rr.com
Subject: Submitted testimony for SB1166 on Mar 18, 2013 08:35AM

SB1166

Submitted on: 3/16/2013

Testimony for WAL on Mar 18, 2013 08:35AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Mary Ikagawa	Individual	Support	No

Comments: The conveyance tax is a reasonable source of funding to protect Hawaii's land and water. Everyone agrees that we need to take steps now to preserve our declining natural resources, and funding the work is obviously a step that cannot be skipped. Funding measures must be passed or we will fail to meet our sustainability goals and will leave a terrible legacy for those who come after us.

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From: Robert Petricci [nimo1767@gmail.com]
Sent: Saturday, March 16, 2013 12:48 AM
To: waltestimony
Subject: Testimony SB1166 WAL 325 Mar 18, 2013 8:35 AM

WAL 325 Mar 18, 2013 8:35 AM

RE: SB1166

Position: Opposed

Aloha

Rep. Cindy Evans, Chair, Rep. Nicole E. Lowen, Vice Chair, and committee members.

I oppose the fencing programs and funding for Nature Conservancy.

Please oppose SB1166.

Thank you

Robert Petricci

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 16, 2013 6:24 PM
To: waltestimony
Cc: paul.bueltmann@gmail.com
Subject: Submitted testimony for SB1166 on Mar 18, 2013 08:35AM
Attachments: Oppose SB1166.docx

SB1166

Submitted on: 3/16/2013

Testimony for WAL on Mar 18, 2013 08:35AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Paul Bueltmann	Individual	Oppose	No

Comments:

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Oppose SB1166

I am writing in opposition of SB1166. While everyone can agree that water is important we really need to shift our focus from “crisis funding” and really take a look at what is sustainable. If all we ever do is chase after funding for this and funding for that and never truly figure out a way to maintain our ecosystem we will never be free.

We need to protect our watersheds but not the way it is envisioned in this bill. There are self-sustaining ways we can do this and we do not need to poison ourselves in the process. Taking away resources from the people justified by protecting another resource is a game of the blind leading the blind or a lose lose situation.

We need to change our thinking and the way we do things business as usual does not work for Hawaii.

Mahalo

pb

Testimony of
Sharon Y. Moriwaki

House Committee on Water & Land
Monday, March 18, 2013 8:35 a.m.
Conference Room 325

IN SUPPORT OF SB1166 SD1, Relating to the Conveyance Tax

I am Sharon Y. Moriwaki, Associate Director of the University of Hawaii College of Social Sciences Public Policy Center and Co-chair of the Hawaii Energy Policy Forum. Today I am testifying as an individual with a deep commitment to the long-term sustainability of our island state, having worked on a variety of energy and sustainability issues and programs, including the Hawaii 2050 Sustainability Plan (“H2050 Plan”) and the collaborative efforts of the Hawaii Green Growth Initiative, a group of Hawai`i leaders working together to implement some of the goals and priorities of the H2050 Plan.

SB1166, SD1 proposes to amend chapter 247, Hawaii Revised Statutes, to increase the amount of the conveyance tax and the allocation of the revenues to watershed protection and invasive species control.

Under HRS §247-7, a portion of conveyance tax revenue has already been appropriately used for land preservation and forested watershed conservation under the DLNR’s Land Conservation Fund and the Natural Area Reserve Fund, respectively. In 2005, the Legislature recognized in Act 156 the nexus between the source of the conveyance tax and watershed protection and other natural resource preservation programs, finding that “the development, sale, and improvement of real estate in Hawaii adds additional pressure on natural areas, coastal access, agricultural production, and Hawaii’s water resources and watershed recharge areas.”

While the development and sale of real estate boosts the state’s economy, it can also negatively impact the environment. For example, developed real estate affects the supply of fresh water that comes from our watersheds. To ensure that water is available not only for today but for future generations, we must ensure that the forested watersheds are healthy—not overrun by invasive plants and animals—so that they can capture rain and cloud moisture and deliver it efficiently to aquifers and surface sources for our use.

In the past, enormous amounts have been invested in the development and sale of real estate but comparatively little has been put into protecting the natural resources that also drive our economy. SB1166, SD1 wisely increases the investment in our natural resources not only for today but for our future. This bill is vital to our future and I thus respectfully urge its passage.

Thank you for the opportunity to testify.

lowen1-Kyli

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 17, 2013 7:19 AM
To: waltestimony
Cc: Tmgundog@aol.com
Subject: Submitted testimony for SB1166 on Mar 18, 2013 08:35AM

SB1166

Submitted on: 3/17/2013

Testimony for WAL on Mar 18, 2013 08:35AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Terry	Individual	Oppose	No

Comments: Give me a break. Tax dollars going to eradicate game species we pay DLNR to protect ..

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Cc: bisaki@gmail.com
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SB1166

Submitted on: 3/17/2013

Testimony for WAL on Mar 18, 2013 08:35AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Bianca Isaki	Individual	Support	No

Comments: · The Rain Follows the Forest initiative is working to ensure fresh water is available for the people of Hawai'i in perpetuity by protecting our watershed forests, a central goal of A New Day in Hawai'i plan. · Healthy forests efficiently capture and deliver fresh water into streams and aquifers for our use. By pulling moisture from passing clouds, forests can actually increase water capture up to 50% more than through rainfall alone. · When forests are lost or degraded by invasive species, Hawai'i loses its source of fresh water. · More than half of Hawaii's forests have been lost. Historically, the threat was overharvesting and development. Today's threat is invasive plants and animals. · The longer we wait to take significant action, the higher the cost will be to reverse the damage, thereby threatening water supplies for future generations. · Forests also help mitigate erosion and runoff into our precious streams and coastlines. · Healthy forests will become even more critical as we experience the likely effects of climate change, including more severe storms but overall less rainfall. · The Administration's goal of doubling the number of acres of watershed forest protected over the next decade requires approximately \$11 million per year, supporting an estimated 150 direct local jobs. · The conveyance tax bill would support this watershed protection through essential forest management programs and invasive species control. · The development and sale of real estate helps drive Hawaii's economy, but it also puts pressure on our natural resources, including water supplies. · Fresh water is clearly a limiting factor here in the middle of the Pacific. · Several locations in the state are experiencing ongoing drought, water management areas are being declared, climate change is likely to produce more severe storms but overall less rainfall, and the UH's 2011 Rainfall Atlas catalogues a century of declining rainfall that is worse in recent decades. · Fresh water is not a limitless resource that can forever be tapped to support our developed real estate. · It makes sense to spend a portion of conveyance tax revenue on protecting the sources of our fresh water. Thank you, Bianca Isaki, Ph.D.

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To: waltestimony
Cc: rezentesc@aol.com
Subject: Submitted testimony for SB1166 on Mar 18, 2013 08:35AM

SB1166

Submitted on: 3/17/2013

Testimony for WAL on Mar 18, 2013 08:35AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Cynthia K.L. Rezentes	Individual	Support	No

Comments: Aloha Chair, As a supporter of the initiative to provide better management to increase the health of our watersheds and to help prohibit the introduction and expansion of invasive species, the increase by 10% of the conveyance tax funds will go a long way to addressing both issues. In addition, I would ask for your favorable consideration to increase the Rental Housing Trsut Fund percentage tto 50% to specifically provide more desperately needed affordable housing for everyone, including our homeless/houseless population. Mahalo and I look forward to your favorable consideration for the base measure along with the modification requested. Cynthia K.L. Rezentes

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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 Committee on
WATER & LAND**

**Monday, March 18, 2013
8:35 AM
State Capitol, Conference Room 325**

**In consideration of
SENATE BILL 1166, SENATE DRAFT 1
RELATING TO THE CONVEYANCE TAX**

Senate Bill 1166, Senate Draft 1 proposes to increase the conveyance tax on certain real estate transactions and directs an additional amount of conveyance tax revenues to the Natural Area Reserve Fund (NARF) for watershed protection and invasive species control. **The Department of Land and Natural Resources (Department) strongly supports this Administration bill.**

The Department is also supportive of increasing the proportion of the conveyance tax to the NARF and Rental Housing Trust Fund if modifications to the conveyance tax rates are not possible.

The original version of this bill proposes increasing the NARF allocation to 35% of conveyance tax revenues. The bill also modified the conveyance tax on properties over \$2 million, affecting approximately 2% of total transactions, based on Fiscal Year 2012 data. The funding amounts proposed in SB1166 are predicted to generate approximately \$10.5 million more for the NARF. Also, it is expected to provide an additional \$1.7 million per year for the Land Conservation Fund and an additional \$5.1 million per year for the Rental Housing Trust Fund. The projected \$17 million generated by the tax increase offsets the reduction in the General Fund's percentage.

The conveyance tax is an appropriate funding source for watershed and natural area protection.

Act 156, SLH 2005 (The Legacy Land Act) states:

The legislature has also determined that there is a clear nexus between the source of the conveyance tax and providing funding for watershed protection and other natural resource preservation programs. The development, sale, and improvement of real estate in Hawaii adds additional pressure on natural areas, coastal access, agricultural production, and Hawaii's water resources and watershed recharge areas.

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Currently, 13 states fund conservation with a portion of real estate transfer taxes. In Hawaii, the NARF receives a percentage of the State Conveyance Tax from the sale of real property and utilized by various program areas to further watershed protection and maintenance. The NARF is the only dedicated funding source for watershed protection. In Fiscal Year 2011, the Watershed Partnership Program, which supports 11 partnerships state-wide, shared \$1.25 million from the NARF. In Fiscal Year 2012, the Legislature provided \$2.5 million in capital improvement project funding and directed \$2.5 million of special funding for the watershed initiative. The Department has used the NARF to provide these special funds.

This bill also provides a dedicated funding source for the control and eradication of harmful invasive species infestations throughout the state and for preventing the introduction of other invasive species that may be potentially harmful. The five island-based committees that control invasive species and contribute to watershed initiative have no authorized dedicated funding whatsoever. Funding the Hawaii Invasive Species Council is critical for protecting watershed forests from invasive species threats both from mainland United States and neighboring countries that Hawaii does regular commercial trade with.

Hawaii's water supply and economy depend on the health of mauka native forests, which capture and absorb rain and can increase groundwater supply by up to 50%. Forests are essential to provide water at affordable rates. Lower groundwater levels mean higher pumping costs to transport water for human use. When groundwater levels decline to a point that they cannot be pumped, expensive alternative water sources are needed – long transport pipes, new wells, and even desalination plants.

Water users already pay for the loss of native forests – and those costs are high. Invasive and widespread strawberry guava evapotranspires 27%-53%ⁱ more water than native forests, causing extensive water loss across landscapes. For example, in East Hawai'i invasive plants have already reduced estimated groundwater recharge by 85 million gallons a day.ⁱⁱ When one considers that a 5 million gallon per day desalination plant costs \$40 million to construct and over \$5.4 million per year to operate,ⁱⁱⁱ the superior economic value of protecting our forests is readily apparent.

This measure implements the central natural resource stewardship goals of the Abercrombie Administration's *A New Day in Hawaii* plan. This Administration bill is a responsible measure to provide immediate action to ensure wide-ranging benefits essential to Hawaii's environmental and economic health for current and future generations.

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ⁱ Giambelluca, T. W., Delay, J. K., Asner, G. P., Martin, R. E., Nullet, M. A., Huang, M., Mudd, R. G., Takahashi, M. 2008. *Stand Structural Controls on Evapotranspiration in Native and Invaded Tropical Montane Cloud Forest in Hawai'i*. American Geophysical Union, Fall Meeting 2008, abstract #B43A-0422.

ⁱⁱ Engott, J. A. 2011. A water-budget model and assessment of groundwater recharge for the Island of Hawai'i: U.S. Geological Survey Scientific Investigations Report 2011-5078.

ⁱⁱⁱ Honolulu Board of Water Supply. 2009. Waianae Watershed Management Plan. Prepared by Townscape, Inc. http://www.boardofwatersupply.com/files/01_WWMP_Title%20Page_AUG09.pdf