



STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

TESTIMONY OF JAMES J. NAKATANI
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE SENATE COMMITTEES
ON AGRICULTURE AND
WATER AND LAND

Thursday, March 28, 2013
3:05 p.m.
Conference Room 229

SENATE CONCURRENT RESOLUTION NO. 177 AND
SENATE RESOLUTION NO. 133
URGING THE STATE TO PURCHASE AGRICULTURAL LAND
FROM DOLE FOOD COMPANY, INC.

Chairpersons Nishihara and Solomon and Members of the joint Committees:

Thank you for the opportunity to testify on Senate Concurrent Resolution No. 177 and Senate Resolution No. 133. The purpose of these resolutions is to urge the State to purchase agricultural land from Dole Food Company, Inc. The Agribusiness Development Corporation (ADC) strongly supports both resolutions.

ADC was established by the legislature to identify mechanisms that could help our State quickly transition from plantation agriculture to smaller diversified agricultural operations. ADC's sole mission is to acquire, and manage in partnership with farmers, ranchers, and aquaculture groups, selected high-value lands, water systems, and infrastructure for commercial agricultural use and to

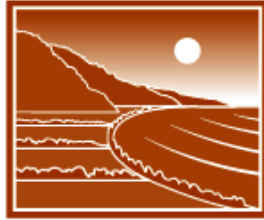
direct research into areas that will lead to the development of new crops, markets, and lower production costs.

Today, many of our local farmers are struggling to stay in business due to the high cost of fuel, the inability to access land, high overhead cost of operations, and the lack of available capital to improve and modernize their facilities. With the exception of a handful of farms, majority of the farmers across our state are operating without a long-term lease. The lack of a long-term lease means the farmer cannot obtain a loan to make the necessary improvements to expand their operations and comply with federal food safety standards. Since the recent acquisition of 1,723-acres formerly known as the Galbraith Estate, ADC has been overwhelmed by interested farmers and ranchers seeking land for agricultural operations.

As noted in the resolutions, Dole has listed for sale 123 parcels totaling 22,500-acres. The acquisition of these parcels will significantly increase the available agricultural land under the State's control and can offer many possibilities to enhance the economic viability of the agriculture industry.

Noting the very short time frame and a limited window of opportunity, ADC supports the purchase of the 123 Dole parcels while they are still available provided that it does not exceed the State's annual debt service limitations. Additionally, if these lands were transferred under ADC, the corporation could pay the bonds back from the revenues generated from tenants with current and potential leases.

Thank you for the opportunity to testify.



NORTH SHORE
COMMUNITY
LAND TRUST

**NORTH SHORE COMMUNITY LAND TRUST
IN SUPPORT OF SCR177/SR133 URGING THE STATE TO PURCHASE AGRICULTURAL
LAND FROM DOLE FOOD COMPANY, INC.**

Senate Committees on Agriculture and Water & Land
Thursday, March 28, 2013, 3:05 PM, Room 229

North Shore Community Land Trust strongly supports SCR 177 and SR 133 urging the State to Purchase Agricultural Land from Dole Food Company, Inc. (Dole) to the extent that the contemplated sale is voluntary and not compelled. With the vast majority of the State's residents living on the island of O'ahu, growing more food on O'ahu is absolutely vital to achieving food security. The State's purchase of over 20,000 acres of agricultural land from Dole will substantially increase Hawai'i's potential to achieve food security by providing more food farming opportunities and by helping move forward existing efforts to provide farmers with greater access to land.

NSCLT is a 501(c)(3) non-profit organization that was founded in 1997 to protect, steward, and enhance the natural landscapes, cultural heritage, and rural character of ahupua'a from Kahuku to Ka'ena. Protecting the region's ag lands is one of NSCLT's top priorities. Currently, NSCLT is partnering with the Trust for Public Land and the Turtle Bay Resort to protect 469 acres of productive farmlands used by a dozen farmers to grow fruits and vegetable for instate consumption. Additionally, NSCLT plans to host the first annual North Shore Food Summit in August of this year to build awareness about the importance of assessing the North Shore Food System and setting goals to improve the food system. Although we believe our work helps bring the State closer to achieving greater food security, our work represents baby insect steps compared to the impact that State conservation of the Dole ag lands would have on food security. SCR 177 and SR 133 present an exciting and important opportunity.

Numerous studies have identified access to land as a major barrier to increased food security and farming in Hawai'i. Farmers are unable to buy agricultural land in Hawai'i at true agricultural values because it is so expensive, carrying with it a speculative residential development value -- i.e., the possibility that the owners could change the land use classification and zoning from agriculture to urban, or subdivide the agricultural land into smaller residential "gentlemen's estates" where often, little or no real farming occurs.

P.O. Box 1179, Hale'iwa, HI 96712 – www.northshoreland.org

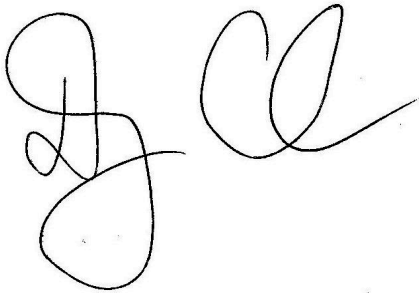
Board of Directors

President: Adam Borrello **Vice President:** Sue Cortes **Treasurer:** Roberts Leinau **Secretary:** Kelly Perry
Directors: Moana Bjur Chip Hartman Kawika Kahiapo Jacque Leinau Tom Lenchanko Larry McElheny Pancho Sullivan
Advisory Board Members: Denise Antolini Jack and Kim Johnson Randy Moore

Farmers are also unable to obtain long-term leases that would allow them to secure loans to invest in their business or purchase equipment. Large landowners generally do not provide long-term leases to farmers. Most large landowners prefer to keep their agricultural tenants on short-term leases so that they can terminate the leases on short notice if they choose to sell the land or develop it. As a result, farmers have no incentive to invest in their business and cannot obtain financing to do so since their leases and farming operations could be terminated with only 30-90 days of notice.

If the State were able to tap general obligation bonds to purchase large agricultural land holdings like the Dole lands in voluntary transactions and provide farmers with long-term leases of that land, substantial progress could be made in increasing Hawai'i's food security.

Mahalo for this opportunity to testify -

A handwritten signature in black ink, consisting of a large, stylized 'D' followed by a cursive 'C' and 'O'.

Doug Cole

NSCLT, Executive Director
P.O. Box 1179, Haleiwa, HI 96712
808.497.0036
dougcole@hawaii.rr.com
www.northshoreland.org