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GOVERNOR OF HAWAII



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

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

**Before the House Committee on
OCEAN, MARINE RESOURCES, & HAWAIIAN AFFAIRS**

**Friday, February 07, 2014
8:00 AM
State Capitol, Conference Room 325**

**In consideration of
HOUSE BILL 2622
RELATING TO MARINE RESOURCES**

House Bill 2622 proposes to establish a coral reef and marine life conservation special fund within the Department of Land and Natural Resources (Department) for a wide variety of purposes:

- (1) Marine life conservation district monitoring, research, regulatory measures, enforcement actions, educational activities, or any other measure intended to conserve, supplement, and enhance the resources within any marine life conservation district established under this chapter or rules adopted pursuant to this chapter;
- (2) Provide management, monitoring, and support for public fishing areas, community-based subsistence fishing areas, fisheries management areas, and other areas of localized management;
- (3) Develop and carry out any compensatory mitigation measures for impacts to the marine environment, including impacts to the marine environment from federal or state permitted actions, or violations of this chapter or any rule adopted pursuant to this chapter; and
- (4) Develop and carry out research projects, educational programs, management initiatives, and any other activity intended to conserve, supplement, and enhance the marine environment throughout the State.

The Department opposes this bill, but recommends an alternative approach.

The Department appreciates the intent to maintain and conserve the State's coral and near shore ocean resources. However, House Bill 2622 is not the appropriate mechanism. This bill is too broad.

First, the Department already has a mitigation trust fund to protect and enhance coral reef resources. A special fund would duplicate the current effort. It would also broaden the range of activities and lose focus on coral mitigation itself.

WILLIAM J. AILA, JR.
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ESTHER KIA'AINA
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

Second, the Department is working with the Army Corps of Engineers to establish a program of credits for pre-approved mitigation projects. The Army Corps requires that any moneys received to offset a coral resource loss must go into a trust fund for defined pre-approved purposes and that the fund not be used for any other purposes. A special fund as proposed here would not meet that requirement.

Third, while the proposed special fund is intended to create a “more consistent and reliable source of funding to maintain these unique areas and to conserve and protect coral reef resources throughout the State.” The Department already has this authority.

Fourth, House Bill 2622 identifies such a broad range of activities that specific goals are lost.

Therefore, the Department recommends the Legislature consider the following:

1. Direct the Department to prepare a statewide coral reef mitigation plan.
2. The Department should consider a) how to address both planned and unplanned coral loss; b) how the value of coral and ecosystem service losses may be calculated.
3. The Department should consult with other government departments and private parties
4. The Department should submit a report to the Legislature by December 31, 2015.

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON OCEAN, MARINE RESOURCES AND
HAWAIIAN AFFAIRS
ON
HOUSE BILL NO. 2622

February 7, 2014

RELATING TO MARINE RESOURCES

House Bill No. 2622 establishes the Coral Reef and Marine Life Conservation special fund within the Department of Land and Natural Resources to collect moneys for fines, attorney's fees, awards, settlements and administrative costs for violations; compensatory mitigation from federal or State permitted impacts to the marine environment; and grants, awards, donations, gifts, transfers, and moneys derived from private or public services for the marine life conservation program. The funds will be used for the conservation, supplementation and enhancement of the State's coral reefs and other marine resources.

While the Department of Budget and Finance does not take any position on the marine life conservation program, as a matter of general policy, the department does not support the creation of special funds which do not meet the requirements of Section 37-52.3, Hawaii Revised Statutes. Special funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; 3) demonstrate the capacity to be financially self-sustaining; and 4) why the program cannot be implemented successfully under the general fund appropriation process. In regards to House Bill No. 2622, it is difficult to determine whether the proposed special fund will be self-sustaining.

cullen2

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 04, 2014 10:43 AM
To: omhtestimony
Cc: makani.christensen@gmail.com
Subject: Submitted testimony for HB2622 on Feb 7, 2014 08:00AM

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HB2622

Submitted on: 2/4/2014

Testimony for OMH on Feb 7, 2014 08:00AM in Conference Room 325

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

Comments: We should not be diverting any funds to protect the reef at this point because there is no evidence to show reefs are endangered. There is more than enough information out there to make rational decisions on how to better protect our reefs. Please do not waste money.

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Representative Faye P. Hanahano, Chair
Representative Ty J.K. Cullen, Vice Chair
Committee on Ocean, Marine Resources, and Hawaiian Affairs

Friday, February 7, 2014
8:00 AM
Room 325

HB 2622, Relating to Marine Resources

I am a freshman at Mililani High School and am working on a project that focuses on the environment and its relation to public policy. I am focusing on the population and health of coral in popular beaches on the island of Oahu. I strongly support HB 2622, Relating to Marine Resources, which would establish a special fund for the marine life conservation program within the department of land and natural resources.

Maintaining the health of our environment is one of the most important things that we should focus on, especially because we live in Hawaii. We face a situation in which there are not many options to choose from. We should be making the health of our environment our utmost concern. If we do not, then we face not losing only our unique and diverse ecosystem, but the health of the economy that thrives on tourists who come to see our unique environment. By restoring the health of our marine life, we would be one step closer to protecting and restoring all of the extraordinary life around us.

Although it is our economy that we depend on, we must take into consideration the effects our decisions make in the long run. It is vital that we increase the protection of our resources sooner rather than later, before we have nothing left to protect. As a community, we must decide as one to protect and restore the resources that we depend on. By passing this bill, we will be one step closer, one step closer to returning what was not ours to begin with.

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HB2622
RELATING TO MARINE RESOURCES
House Committee on Ocean, Marine Resources, & Hawaiian Affairs

February 7, 2014

8:00 a.m.

Room 325

The Office of Hawaiian Affairs (OHA) **SUPPORTS WITH AMENDMENTS** HB2622, which would provide a vehicle for generating and dedicating much-needed revenues for the protection and conservation of our natural aquatic resources.

Hawai‘i’s ocean resources form the bedrock of our islands. Hawai‘i’s marine environment and natural resources serve as a cultural, economic, social, scientific and recreational foundation for these islands. OHA notes that economic studies in 2002 and 2003 found an overall contribution of \$800 million in revenue generated from our coral reefs and coastal resources, with an added recreational, amenity, fishery, biodiversity and educational value of \$364 million per year. A more recent report released in 2011 utilizing “innovative economic survey techniques” found that across U.S. households, the economic value of protecting Hawai‘i’s nearshore environment could be estimated at \$34 billion a year. While our ocean waters clearly hold cultural, spiritual and biological significance beyond any monetary value, these economic analyses clearly reflect the critical nature of our marine environment to Hawai‘i nei.¹

This measure provides an opportunity to better ensure that planned and unplanned impacts to Hawai‘i’s fragile ocean environment result in appropriate compensation, dedicated to the rehabilitation of our marine resources. Over the last few decades, it has become abundantly clear that Hawai‘i’s ocean environment is subject to constant and ever-growing threats from a variety of sources, ranging from human overuse,

¹ See Carlie S. Weiner, Mark D. Needham, & Paul Wilkinson, *Hawaii's real marine life park: interpretation and impacts of commercial marine tourism in the Hawaiian Islands*, 12 CURRENT ISSUES IN TOURISM 489, 489-90 (2009) citing P.J. van Beukering & H.S. Cesar, *Ecological economic modeling of coral reefs: Evaluating tourist overuse at Hanauma Bay and algae blooms at the Kihei Coast, Hawai'i* 58 PAC. SCIENCE 243 (2007); A.M. Friedlander et. al., *The state of coral reef ecosystems of the main Hawaiian Islands in THE STATE OF CORAL REEF ECOSYSTEMS IN THE UNITED STATES AND PACIFIC FREELY ASSOCIATED STATES* 222-269 (2005), K. DAVIDSON, M. HAMNET, & C. MINATO, *ECONOMIC VALUE OF HAWAII'S NEARSHORE REEFS* (2003), available at [http://nature.forestry.oregonstate.edu/sites/default/files/2009-2%20CIT%20-%20Wiener%20Needham%20Wilkinson%20\(2009\).pdf](http://nature.forestry.oregonstate.edu/sites/default/files/2009-2%20CIT%20-%20Wiener%20Needham%20Wilkinson%20(2009).pdf); HERMAN CESAR ET. AL, *ECONOMIC VALUATION OF THE CORAL REEFS OF HAWAII FINAL REPORT* 74 (2002), available at http://www.coralreef.gov/meeting18/evhcri_samoa_2007.pdf; RICHARD C. BISHOP ET. AL., *TOTAL ECONOMIC VALUE FOR PROTECTING AND RESTORING HAWAIIAN CORAL REEF ECOSYSTEMS: EXECUTIVE SUMMARY* (2011), available at http://coralreef.noaa.gov/aboutcrp/news/featuredstories/oct11/hi_value/resources/protecting_restoring_hawaiian_cre.pdf.

to land- and water-based pollution, to climate change, to development projects and vessels groundings. The special fund created by this measure will enable and encourage the Department of Land and Natural Resources (DLNR) to pursue adequate compensation for environmental impacts from a number of these threats, such as vessel groundings and other administrative violations of our ocean resource laws, as well as planned development projects involving damage to the marine environment. Insofar as the compensation received from such impacts will be dedicated to the rehabilitation, protection and management of our invaluable ocean resources, OHA believes that this measure may be an important step forward in ensuring that these resources can continue to support our present and future generations.

OHA urges the committee to amend this measure's special fund, to include revenues generated from user fees from our most popular marine life conservation districts. OHA notes that this measure may be significantly enhanced, by authorizing the DLNR to establish user fees for some of our most popular marine life conservation districts that are primarily utilized by nonresident visitors to our islands. Many of these visitors come specifically to appreciate our marine resources, and while their collective activity carries a broad range of impacts that may degrade our ocean environment, they generally do not have the opportunity to pay income taxes that could otherwise support our state's natural resources management programs. Even a modest fee of one dollar at a single marine life conservation district, namely Hanauma Bay in Waimānalo, could have the potential to double the state's annual investment in aquatic resources management. Accordingly, OHA urges the committee to add the following language to page 2, line 17 of this measure:

(4) Monies collected as user fees, established pursuant to chapter 91, for entry into marine life conservation districts with an annual nonresident visitor count of over 500,000 visitors per year, provided that counties may collect a portion of such fees for actual administrative costs related to regulating entry and charging fees to any such marine life conservation district.

Accordingly, OHA urges the committee to **PASS WITH AMENDMENTS** HB2622. Thank you for the opportunity to testify on this important measure.