

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

MORRIS ATTA
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
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TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON FINANCE

FEBRUARY 28, 2022
12:30 P.M.
VIA VIDEOCONFERENCE

HOUSE BILL NO. 1659, HD 1
RELATING TO LAND LEASES

Chairperson Luke and Members of the Committee:

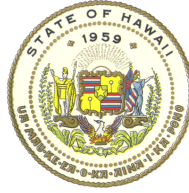
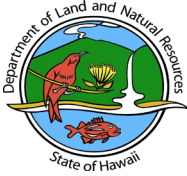
Thank you for the opportunity to testify on House Bill 1659, HD 1. This bill authorizes the Board of Land and Natural Resources to: (1) Amend and extend existing pasture leases for up to sixty-five years; (2) Issue new pasture leases by negotiation if the lands are already under pastoral use; and (3) Develop agricultural and pasture lease rents on the value of the land's agricultural uses. The Department of Agriculture ("Department") offers comments.

The Department believes that supporting the ranching industry with favorable land management options is a positive concept regardless of what state agency has management authority. Optimizing those management arrangements is best achieved when coupled with appropriate subject matter resources, such as technical advice, support, and services, and a comprehensive understanding of the industry. While direct management of ranching lessees is preferable and more effective, the Department is committed to continuing to provide the industry with such assistance as needed to offer the best opportunities for the growth in this sector.

Thank you for the opportunity to offer this testimony.



DAVID Y. IGE
GOVERNOR OF HAWAII



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

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the House Committee on
FINANCE**

**Monday, February 28, 2022
12:30 PM**

State Capitol, Conference Room 308, Via Videoconference

**In consideration of
HOUSE BILL 1659, HOUSE DRAFT 1
RELATING TO LAND LEASES**

House Bill 1659, House Draft 1, proposes to authorize the Board of Land and Natural Resources (BLNR) to: (1) Amend and extend existing pasture leases for up to sixty-five years; (2) Issue new pasture leases by negotiation if the lands are already under pastoral use; and (3) Develop agricultural and pasture lease rents based on the value of the land's agricultural uses. The measure also proposes to require the BLNR to adopt rules to carry out its purposes. House Draft 1 of the measure changes the effective date to July 1, 2050, to encourage further discussion. **The Department of Land and Natural Resources (DLNR) strongly supports this measure.**

Act 90, Session Laws of Hawaii (SLH) 2003 (Act 90), codified into law as Chapter 166E, Hawaii Revised Statutes (HRS), provides for the transfer of agricultural lands to the Hawaii Department of Agriculture (DOA) by mutual agreement of the BLNR and the Board of Agriculture (BOA). DLNR has transferred more than 19,000 acres to DOA over the years pursuant to Act 90. However, pasture lands serve multiple purposes and are a critical part of DLNR's forest protection and restoration, traditional gathering, hunting, trails, and other recreation responsibilities. The attached maps show the proximity of large tracts of pasture lands to forest reserves on Hawaii Island, and provide details on native ecosystems, the potential for restoration, and the occurrence of endangered species. DLNR is retaining these multi-use lands and is willing to support extending and amending the pasture leases with DLNR under collaborative management terms compatible with both grazing and public trust natural and cultural resource protection and enhancement.

The Hawaii State Constitution, Article XI, Section 1, requires that "(f)or the benefit of present and future generations, the State and its political subdivisions shall conserve and protect Hawaii's natural beauty and resources, including land, water, air, minerals, and energy sources, and shall promote the development and utilization of these resources in a manner consistent with their conservation and in furtherance of the self-sufficiency of the State." DLNR strongly believes this measure is a reasonable compromise that successfully fulfills the State's constitutional obligations.

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
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

The Act 90 Working Group Report found that DLNR should retain management of those agricultural lands designated as multiple-use agricultural lands. The Report states:

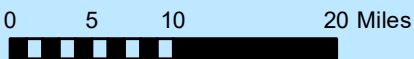
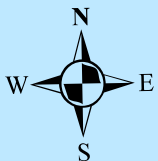
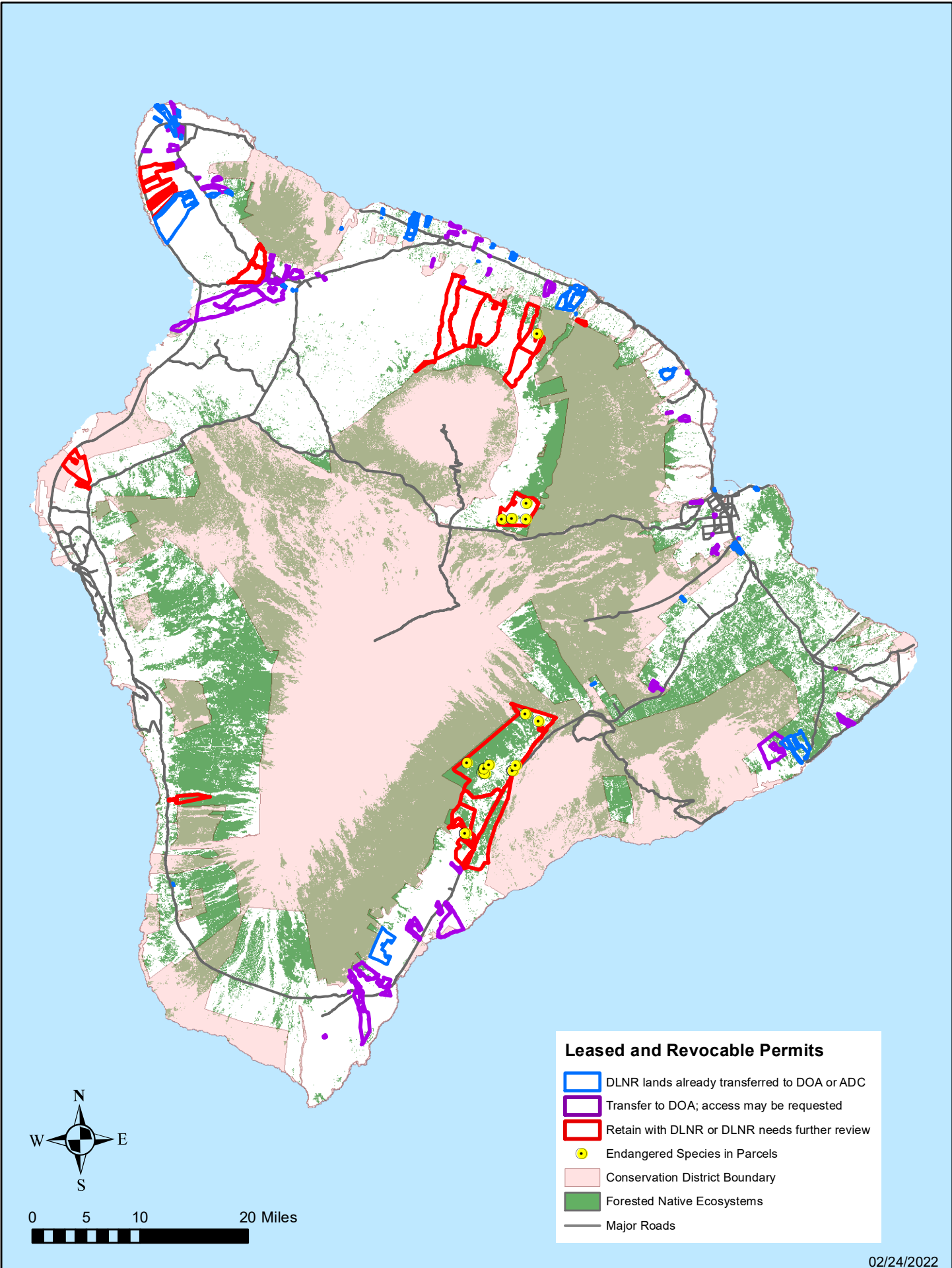
The Working Group further finds that certain agricultural lands under DLNR have multiple management objectives, which can include agricultural production, forestry, native forest restoration, watershed protection, habitat conservation, public recreation, fire fuel suppression, and other public purposes which clearly fall within DLNR's purview and mission. These multiple-use lands should remain under DLNR's management.

This bill proposes to provide incentives for DLNR and ranchers to work together on mutually beneficial terms to promote public priorities on multiple-use lands by providing DLNR with statutory powers similar to those exercised by DOA in the management of its leases. The bill proposes to authorize DLNR to issue new pasture leases by direct negotiation with terms up to 65 years that promote sustainable food production and preserve and enhance natural resources and public use. The measure provides that the rents for such leases are to be based on the value of the land's agricultural use.

It is of the utmost imperative that multiple-use pasture lands at issue remain under the management of DLNR. There are significant resource values on these lands that require active management by DLNR to ensure their continued sustainability. Pursuant to Chapter 166E, HRS, under DOA management, these lands would be used solely for pasture purposes without regard to native forest restoration. DOA lacks the staffing and expertise to incorporate resource management activities into its land management practices. Furthermore, the use of these lands exclusively for pasture purposes would result in a significant detrimental impact on our environment. Without management by DLNR, these lands could be grazed without restriction, clear-cut and plowed, and public access could be blocked, threatening public trust natural and cultural values.

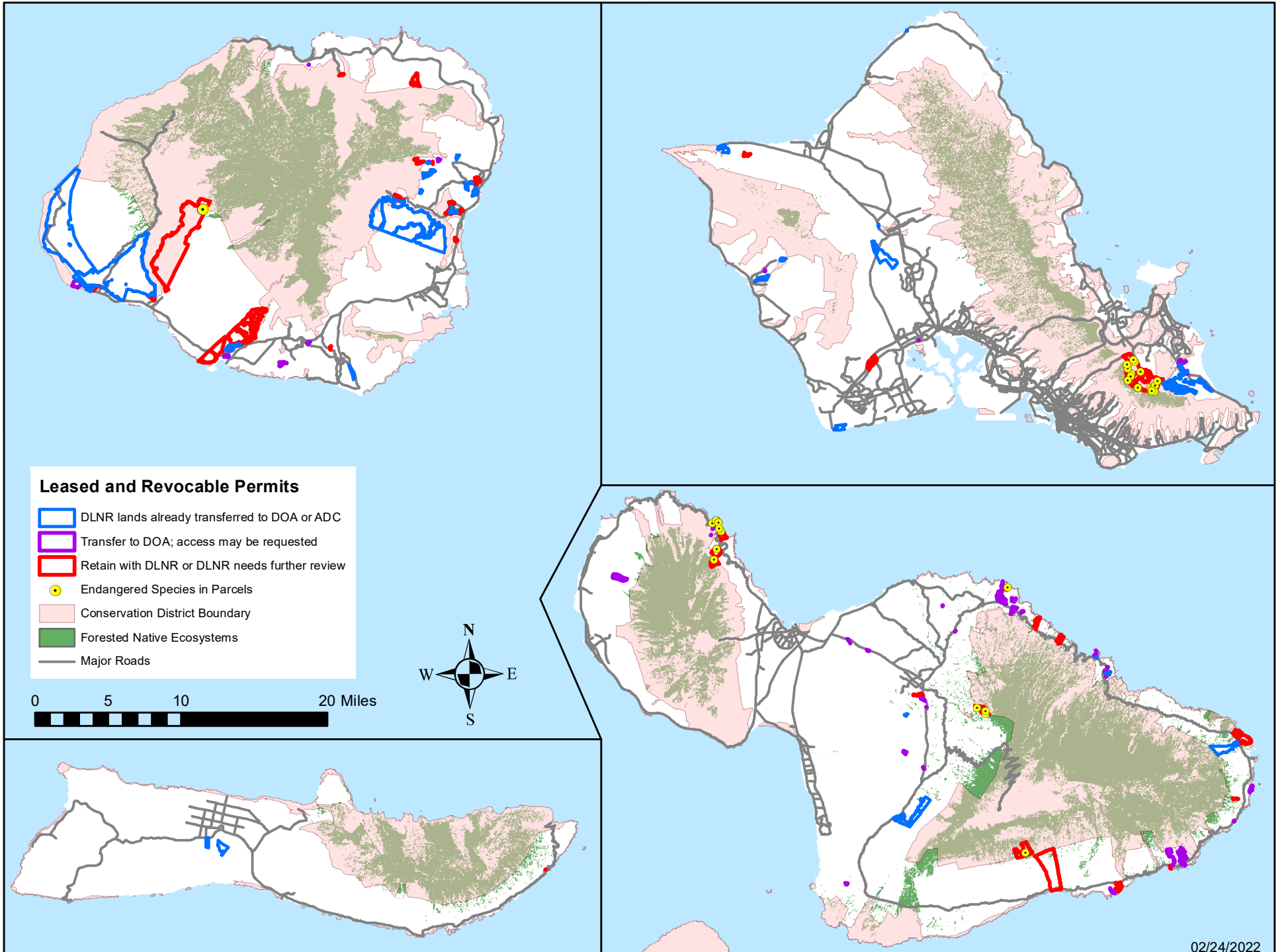
According to the United States Geological Survey, the impact of deforestation in Hawaii is severe. Hawaii's native wet and mesic forests store an average of 124 metric tons of carbon per acre. There are around 800,000 acres of native wet and mesic forest in Hawaii. Hawaii's invasive wet and mesic grasslands store an average of 70 metric tons of carbon per acre. There are around 300,000 acres of invasive wet and mesic grasslands in Hawaii. When Hawaii's native forests are converted to grasslands, they lose about half of their stored carbon - a loss of 54 metric tons of carbon per acre. Reforesting grasslands is the largest carbon sequestration opportunity for Hawaii to reach the goal of carbon neutrality by 2045 (Act 15, SLH 2018). DLNR is inventorying lands that are not used for pasture, and planning combination grazing and reforestation projects. DLNR also offers voluntary incentive programs for ranchers to reforest lands and is developing standards for carbon credit projects that could further diversify revenues for ranchers.

Thank you for the opportunity to comment on this measure.



Leased and Revocable Permits

- DLNR lands already transferred to DOA or ADC
- Transfer to DOA; access may be requested
- Retain with DLNR or DLNR needs further review
- Endangered Species in Parcels
- Conservation District Boundary
- Forested Native Ecosystems
- Major Roads





SUMMARY

DESCRIPTION

EXPECTED BENEFITS





2022 LEGISLATIVE PROPOSALS

The DLNR seeks greater flexibility under Chapter 166E, HRS to amend, extend, and issue new leases by negotiation. The perceived need to transfer pasture leases to the DOA can be relieved by providing the DLNR with statutory powers similar to those exercised by the DOA in the management of its leases.



PASTURE LAND CONSERVATION VALUES



Water



Fire & Forest Health



Native Ecosystems



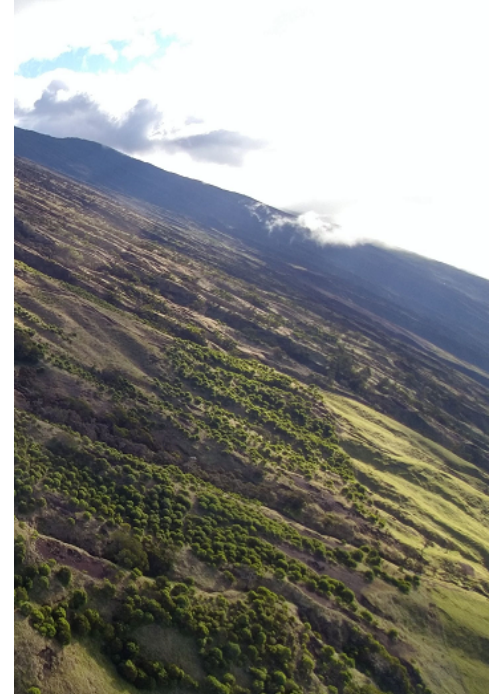
Forestry



Recreation

DLNR PARTNERSHIPS WITH RANCHERS

CLIMATE CHANGE AND CARBON NEUTRALITY



CONTACT PERSON

HB-1659-HD-1

Submitted on: 2/27/2022 11:49:26 AM

Testimony for FIN on 2/28/2022 12:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Russell Tsuji	DLNR	Support	Yes

Comments:

I am available for questions to DLNR. Please allow me Zoom access.

HB-1659-HD-1

Submitted on: 2/27/2022 11:52:33 AM

Testimony for FIN on 2/28/2022 12:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Ian Hirokawa	DLNR	Support	Yes

Comments:

I am available for questions to DLNR. Please allow me Zoom access.

HB-1659-HD-1

Submitted on: 2/28/2022 8:05:45 AM

Testimony for FIN on 2/28/2022 12:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Brian Kau	Dept of Ag - Ag Resource Management Division	Comments	Yes

Comments:

I am available for questions, if needed.



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

February 28, 2022

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

**TESTIMONY ON HB 1659, HD1
RELATING TO LAND LEASES**

Conference Room 309 & Videoconference
12:30 PM

Aloha Chair Luke, Vice-Chair Yamashita, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau offers comments on HB 1659, HD1, which authorizes the board of land and natural resources to: (1) Amend and extend existing pasture leases for up to sixty-five years; (2) Issue new pasture leases by negotiation, if the lands are already under pastoral use; and (3) Develop agricultural and pasture lease rents based on the value of the land's agricultural uses.

HFB greatly appreciates the work of the Act 90 working Group and the efforts that have been made to accomplish the transfer of DLNR lands in agriculture production to DOA.

While this bill allows DLNR more flexibility with regard to agricultural leases, it *does not compel* DLNR to extend any lease. Therefore, we believe that HB 1659 may not result in the purpose intended by the legislature when it passed Act 90 in 2003: to promote agriculture by transferring certain lands to the department of agriculture.

Hawai'i's food producers are also land stewards who are an important part of Hawai'i's goals of greater self-sufficiency and conservation efforts. Enabling their continued work is in the best interest of the public. They should not be trapped in decades of debate about which agency controls their existence when it is the mission of one agency, DOA, to foster agriculture in Hawai'i. Supporting agriculture and conserving natural resources are not mutually exclusive. Producers should not be forced into waiting additional years while DLNR works to adjust its priorities, policies, and rules to expand its mission to support food production.

Thank you for taking our concerns into consideration and for your continued support of Hawai'i agriculture.



Email: communications@ulupono.com

HOUSE COMMITTEE ON FINANCE
Monday, February 28, 2022 — 12:30 p.m.

Ulupono Initiative offers comments on HB 1659 HD 1, Relating to the Land Leases.

Dear Chair Luke and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food; renewable energy and clean transportation; and better management of freshwater and waste.

Ulupono offers comments on HB 1659 HD 1, which authorizes the Board of Land and Natural Resources to: (1) Amend and extend existing pasture leases for up to sixty-five years; (2) Issue new pasture leases by negotiation, if the lands are already under pastoral use; and (3) Develop agricultural and pasture lease rents based on the value of the land's agricultural uses.

Ulupono appreciates the efforts of the Working Group established by Act 139, SLH 2021, which was established to find potential remedies to fulfill the purposes of Act 90, SLH 2003. We recognize the importance of this group's task in helping the State address the appropriate management of active agricultural leases.

Ulupono continues to support the local livestock industry and its efforts to provide fresh, healthy products for Hawai'i's consumers. We still believe that DOA's affordable, long-term leases allow local ranchers to immediately take advantage of existing, appropriate lease structures that incentivize long-term investments into their respective operations, improving the economic viability, and increasing local food production for the State. Although this bill seeks to balance two competing interests, there is no need to recreate an existing structure within DLNR to manage agricultural lands. By doing so, local ranchers will be at the mercy of a lengthy rule-making process that will undoubtedly delay any potential benefits to local ranchers for many years to come.

Recently, the pandemic, along with devastating natural disasters and shipping supply issues, have heightened local food insecurity in our communities. With many leaders

Investing in a Sustainable Hawai'i



across our state saying that local agriculture can play an important role in our economic and social recovery, one theme around local food production rises to the top: the time to act is now. Local producers, like our ranchers, are a critical component of Hawai'i's food security. The local ranching community deserves our State's support by managing crucial, food-producing pasture leases within the DOA, a department whose mission and expertise to manage agricultural activities and related natural resources, including pastureland production, promotes local food production and directly supports State sustainability goals.

Thank you for the opportunity to testify on this measure.

Respectfully,

Micah Munekata
Director of Government Affairs



COMMITTEE ON FINANCE
Rep. Sylvia Luke, Chair
Rep. Kyle T. Yamashita, Vice Chair

HB1659 HD1
Relating to Leases

Monday, February 28 2022, 12:30 PM
VIA VIDEOCONFERENCE

Chair Luke, Vice Chair Yamashita, and Members of the Committee,

The Hawaii Cattlemen's Council (HCC) is the Statewide umbrella organization comprised of the five county level Cattlemen's Associations. Our 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 over 750 thousand acres of land in Hawaii, or 20% of the State's total land mass. We represent the interests of Hawaii's cattle producers.

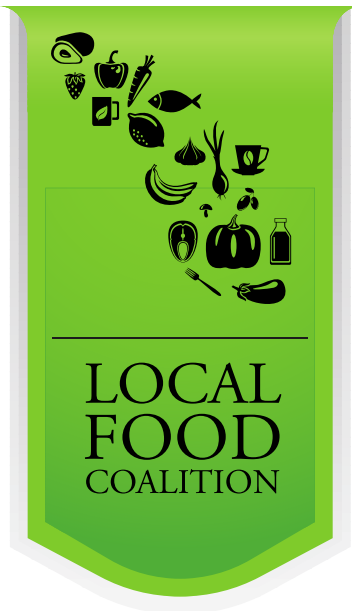
The Hawaii Cattlemen's Council **offers comments on HB1659 HD1** to authorize the board of land and natural resources to: (1) Amend and extend existing pasture leases for up to sixty-five years; (2) Issue new pasture leases by negotiation, if the lands are already under pastoral use; and (3) Develop agricultural and pasture lease rents based on the value of the land's agricultural uses.

While this could possibly allow agricultural leases under DLNR to get access to better lease terms, it does not compel the board of land and natural resources to do these things. Authorizing DLNR to be able to give these lease terms is not necessary, as pasture is agriculture and should be managed by the Department of Agriculture, which will prioritize food production. Transferring these leases to the DOA pursuant to Act 90, 2003 is more effective and will give them access to better lease terms immediately, which some leaseholders have been anticipating and waiting 19 years for. The DLNR has an important mission, but it does not include agriculture as a priority.

We are concerned that the process to authorize BLNR to do so will be a lengthy process that then becomes an excuse to continue to hold on to leases rather than transfer them to DOA. We believe that transferring agricultural leases to DOA to fulfill the intent of Act 90 should still be pursued, regardless of whether BLNR is able to amend and extend pasture leases.

Nicole Galase
Hawaii Cattlemen's Council





Hawai'i Aquaculture & Aquaponics Association
Hawai'i Cattlemen's Council
Hawai'i Farm Bureau Federation
Hawai'i Farmers' Union United
Hawai'i Food Industry Association
Hawai'i Food Manufacturers Association
Kohala Center
Land Use Research Foundation of Hawai'i
Maui Farm to School Network (Maui F2SN)
Ulupono Initiative
College of Tropical Agriculture and Human Resources - University of Hawai'i at Manoa

HOUSE COMMITTEE ON FINANCE
February 28, 2022 – 12:30 p.m. – Via Videoconference

RE: HB 1659 HD1 – Relating to Land Leases – Comments

Aloha Chair Luke, Vice Chair Yamashita, and Members of the Committee:

The Local Food Coalition **offers comments** on HB 1659 HD1, which authorizes the Board of Land and Natural Resources to: (1) amend and extend existing pasture leases for up to sixty-five years; (2) issue new pasture leases by negotiation, if the lands are already under pastoral use; and (3) develop agriculture and pasture lease rents based on the value of the land's agricultural uses.

We appreciate the work of the Act 90 Working Group during the interim to identify the challenges and potential remedies to transfer lands intended under Act 90, SLH 2003.

While this bill will allow the Department of Land and Natural Resources more flexibility regarding pasture leases, it does not compel them to do so. We question the need to create a structure to manage agricultural lands, which already exists within the Department of Agriculture (DOA). Lands that are in active agricultural production should be transferred to the DOA whose priority is food production.

Farmers and ranchers need long-term leases in order to reasonably invest in infrastructure improvements on the leased land. Lands in active agricultural production should be transferred to the DOA, so that long-term planning can be implemented. The success of farmers and ranchers is a key component in the State's goal to double local food production.

The Local Food Coalition is an organization comprising of farmers, ranchers, livestock producers, investors and other organizations working to provide Hawaii's food supply.

Thank you for the opportunity to submit testimony.

Kendall Matsuyoshi
808-544-8345
kmatsuyoshi@wik.com

HB-1659-HD-1

Submitted on: 2/28/2022 8:04:42 AM

Testimony for FIN on 2/28/2022 12:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Lani Petrie	Kapapala Ranch	Oppose	No

Comments:

Authorizing the DLNR to amend and extend leases does not require them to amend nor extend leases. The very reason ranchers are advocates of the Act 90 transfer of leases is to ensure long-term tenure so that capital improvements and long-term invasive weed management can be achieved in a manner to recapture one's investment.

I am an advocate for lessees and lessors to establish resource management plans.

HB-1659-HD-1

Submitted on: 2/27/2022 1:52:00 PM

Testimony for FIN on 2/28/2022 12:30:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
J Ashman	Individual	Comments	No

Comments:

This bill is unnecessary because there already exists a functioning agricultural lease program under the DOA and there is no need to try to create a new one within DLNR. These lands should be transferred to DOA.

This bill won't change anything. If passed, **DLNR is under no mandate** to actually use the new flexibility given to it to provide better lease terms to agriculture. "May", "may", and "may".....the only "shall" in the bill is the requirement to adopt rules.

This bill will take too long to have any benefit even if there is the will on the part of DLNR (which there is not currently) to make positive changes for agriculture since it will take *years* to be implemented as DLNR will have to expand its mission to support food production, adjust its priorities, policies, and undergo the rule-making process before it can do anything.

Please do not let Hawaii's producers wither away and fold while they wait to get out from the limbo that Act 90 attempted unsuccessfully to resolve 19 years ago.

Take the most reasonable and least complicated action. Mandate a transfer of agricultural leases, including pasture leases, to DOA, whose mission it is to foster agriculture in Hawaii.

Thank you.