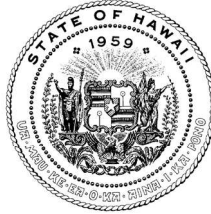


DAVID Y. IGE
GOVERNOR OF
HAWAII



DEPT. COMM. NO. 107

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

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

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

December 1, 2022

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Thirty-Second State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki, Speaker
and Members of the House of
Representatives
Thirty-Second State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the Implementation Of Chapter 190D, Hawaii Revised Statutes Ocean And Submerged Lands Leasing report, as required by Section 12 of Act 176, Session Laws of Hawaii 1999. In accordance with Section 93-16, HRS, a copy of this report has been transmitted to the Legislative Reference Bureau and the report may be viewed electronically at <https://files.hawaii.gov/dlnr/reports-to-the-legislature/2023/LD23-Ocean-Leasing-Rpt-FY22.pdf>.

Sincerely,

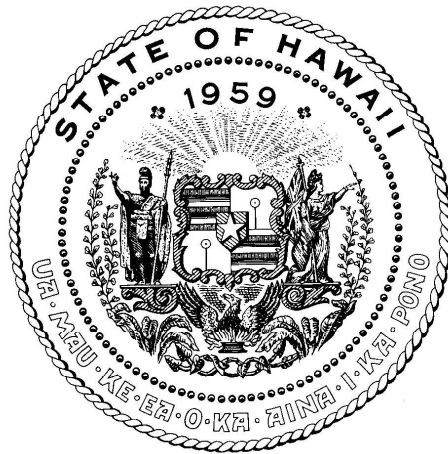
A handwritten signature in cursive script that reads "Suzanne D. Case".

SUZANNE D. CASE
Chairperson

Enclosure

REPORT TO THE THIRTY-SECOND LEGISLATURE
STATE OF HAWAII
2023 REGULAR SESSION

IMPLEMENTATION OF CHAPTER 190D, HAWAII REVISED STATUTES
OCEAN AND SUBMERGED LANDS LEASING



PREPARED BY:
DEPARTMENT OF AGRICULTURE
AND
DEPARTMENT OF LAND AND NATURAL RESOURCES

IN RESPONSE TO SECTION 12 OF ACT 176, SESSION LAWS OF HAWAII 1999

December 2022

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1.0 Introduction

Act 176, Session Laws of Hawaii 1999, went into effect on July 1, 1999, allowing greater use of Hawaii's ocean resources for research and commercial development of open ocean aquaculture. In addition the law requires the Department of Land and Natural Resources (DLNR) in cooperation with the Department of Agriculture (DOA), to submit a report to the Legislature prior to each regular legislative session. This report highlights related national activities and addresses the progress in implementing ocean leasing for open ocean aquaculture during 2020.

2.0 The National Scene

On May 7, 2020, President Trump signed the Executive Order on Promoting American Seafood Competitiveness and Economic Growth – signaling a renewed Federal interest in developing and sustaining the fishery and ocean aquaculture industries. The order authorizes the National Oceanic and NOAA as the lead entity to consolidate and streamline the review and permitting process and establish aquaculture opportunity areas in Federal waters. The State will continue to work closely with the NOAA's Pacific Islands Regional Office on implementation of the executive order.

The NOAA Office of Aquaculture has continued to define its priority areas which include regulation and policy, science and research, outreach and education, and international activities. Each priority area is explained below.

Regulation and Policy

The purpose of this effort is to enable domestic aquaculture production within the context of NOAA's marine stewardship responsibilities, which include the protection of the marine environment while balancing multiple uses of coastal and ocean waters. NOAA's role in aquaculture regulation include:

- consultations with the U.S. Army Corps of Engineers on permitting
- consultations with the Environmental Protection Agency on endangered species, fish habitat, and marine mammal protection
- issuing permits under the Magnuson-Stevens Fishery Conservation and Management Act
- developing guidance and working with regional Fishery Management Councils on a regulatory framework for aquaculture in federal waters.

Science and Research

The goal of the research initiatives is to provide science knowledge for the agency's regulatory and resource management decisions and foster innovative and sustainable approaches to aquaculture.

The program's current research initiatives focus on:

- strengthening aquaculture research capabilities at the agency's regional Fisheries Science Centers;
- in-house research focused on genetics, alternative feeds for marine fish, restoration of threatened and endangered species, and stock enhancement; and

Outreach and Education

Outreach and education activities include disseminating scientific and general aquaculture information and NOAA research at public meetings and conferences, through the Sea Grant and USDA Aquaculture Extension networks, and through the web and social media.

The program's primary audiences for this information are coastal communities, research scientists, the aquaculture and seafood industries, commercial and recreational fishermen, fishery management councils and commissions, other government agencies, academia, and interested non-governmental organizations.

International Activities

The NOAA Aquaculture Program is involved in a variety of international bilateral research exchanges, including a Living Marine Resources Exchange with China, an ongoing scientific exchange program with Korea, and the U.S.-Japanese Cooperative Program in Natural Resources (UJNR). The program also works with policymakers and researchers from France, Norway, and Canada on an ongoing basis.

3.0 Hawaii Activities

3.1 Commercial Development Progress

3.1.1 Keahole Point Fish

Keahole Point Fish produced 750 tons of fish – 31% of the allowable production under its lease. It began to selling product in the local market to address food security issues and reduce its carbon footprint by minimizing air cargo shipments. Further local investments included hiring a dedicated Hawaii-based salesperson, increasing the marketing budget for Hawaii, developing a paid intern program with University of Hawaii at Hilo and purchasing its third-party processor (Kona Cold Lobster). Offshore, Keahole deployed automated environmental sensor and feeding capability and installed cameras to measure biomass.

3.1.2 Ocean Era Farm

Ocean Era Farm continues to develop their proposal for an integrated multi-trophic aquaculture operation to be located off Ewa Beach, near to the previous Oahu Cates International site. The project would integrate Nenuë (Kyphosids), Moi (threadfin) with seaweed in a submersible array. Ocean Era Farm is in final stages of preparing a submission to through the relevant regulatory agencies.

3.2 Other Activities and Major Developments

None.

4.0 Conclusions

The continued expansion by Keahole Point Fish Co and the introduction of Ocean Era Farm are promising signs for the offshore sector. Hawaii must find at least two more sustainable operations to establish a sustainable industry that will generate significant tax revenue and protein production.

5.0 Recommendations

The proper infrastructure must be established to balance environmental concerns with opportunities for development. Areas for focus are governance, environmental impact and health management. Governance is crucial because there is a current lack of clear federal responsibility and jurisdiction in governing the open ocean space and a lack of standards to protect the marine environment. Funding needs to be secured to support research and the implementation of protocols to identify and mitigate environmental and health risks for aquaculture products. Additionally, a system to disseminate authoritative information needs to be implemented to support further expansion of the aquaculture industry.