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STATE OF HAWAI'I | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

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Testimony of
DAWN N. S. CHANG
Chairperson

Before the House Committee on
FINANCE

Thursday, March 28, 2024
3:30 PM

VIA VIDEOCONFERENCE, Conference Room 308, State Capitol

In consideration of
SENATE BILL 2182, HOUSE DRAFT 1
RELATING TO OCEAN STEWARDSHIP

Senate Bill 2182, House Draft 1 proposes to amend the persons required to collect the Ocean Stewardship User Fee and extend the sunset date of the Ocean Stewardship Special Fund to January 1, 2031. **The Department of Land and Natural Resources (Department) strongly supports this bill.**

The Department recently promulgated administrative rules to implement the Ocean Stewardship User Fee as required by Hawaii Revised Statutes (HRS) § 187A-52. This statutorily mandated program requires all commercial ocean operators that are required to have a commercial use permit from the Division of Boating and Ocean Recreation (DOBOR) to collect a \$1.00 fee from each passenger or customer and to transmit these fees to the Department. HRS § 187A-52(a), as currently written, makes reference to an outdated section of the Hawaii Administrative Rules (HAR), which has been amended. This measure fixes this discrepancy and prevents future discrepancies between the statutes and implementing regulations.

All Ocean Stewardship User Fees must be deposited into the Department's Ocean Stewardship Special Fund to be used for the conservation, restoration, enhancement, and management of Hawai'i's marine resources in accordance with HRS § 187A-51. Commercial ocean operators began collecting this fee in January, and the first transfer of collected fees to the Department will be due at the end of April.

The Department plans to use Ocean Stewardship User Fee revenues for a number of projects and programs including, but not limited to:

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FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

- A statewide day-use mooring buoy program;
- Community stewardship support and grants
- Habitat restoration, including coral reefs and estuaries;
- Improving coastal water quality;
- Education and outreach;
- Marine invasive species management;
- Commercial operator stewardship grants; and
- Marine debris prevention, response, and mitigation.

The Department supports extending the sunset date of the Ocean Stewardship Special Fund to January 1, 2031 to give the Department additional time to demonstrate success of the program. However, it is the Department's hope that the Ocean Stewardship Special Fund will eventually be made permanent. This will ensure that fees paid by ocean users will continue to be used to conserve, restore, enhance, and manage ocean resources for the benefit of residents, visitors, and local businesses. It will also enable the Department to plan for longer-term ocean stewardship projects that require a greater investment of time and resources, such as mauka to makai restoration and monitoring.

Mahalo for the opportunity to provide testimony in support of this measure.



SIERRA CLUB OF HAWAI'I

HOUSE COMMITTEE ON FINANCE

March 28, 2024

3:30 PM

Conference Room 308

In **SUPPORT WITH AMENDMENTS** of **SB2182 HD1**: Relating to Ocean Stewardship

Aloha Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee,

On behalf of our over 20,000 members and supporters, the Sierra Club of Hawai'i **SUPPORTS WITH AMENDMENTS** SB2182 HD1, the original draft of which would have allowed the Department of Land and Natural Resources to better plan for the strategic, efficient, and effective investment of funds to support the conservation, restoration, and enhancement of our marine resources. The Sierra Club respectfully urges the Committee to consider amending this measure to reinstate its original purpose of making permanent the Ocean Stewardship User Fee, to ensure that revenues generated from the User Fees can be put to their best and most strategic use(s).

The importance of our nearshore waters and resources to the ecological, cultural, social, and economic interests of Hawai'i cannot be emphasized enough, and the state accordingly holds a range of constitutional duties in their management and protection. For example, our nearshore ocean waters are safeguarded under the public trust, as outlined in the Hawai'i State Constitution Art. XI Secs. 1 and 6, while submerged lands are also part of the Public Land Trust established under the Admission Act and reaffirmed under Art. XII Sec. 4. The Hawai'i State Constitution Art. XII Sec. 7 further requires the state and its agencies to protect and enforce Native Hawaiian rights, including traditional and customary practices associated with, and dependent upon, carefully managed and abundant nearshore resources.

Unfortunately, the **Department of Land and Natural Resources (DLNR)** has faced **severe resource limitations** that have hindered its ability to fulfill the state's constitutional responsibilities relating to the protection and management of our nearshore environment. The continued decline of our marine environment due in part to the DLNR's inadequate management capacity poses a substantial threat to the overall well-being of our islands, and highlights the need for interventions that can better ensure that the state's constitutional duties are upheld.

Accordingly, the Ocean Stewardship User Fee was established by the legislature in 2021, to supply the BLNR with a crucial and potentially revolutionary source of financial resources to protect and manage our nearshore waters. Such financial support will empower the BLNR and the Department of Land and Natural Resources to better fulfill the state's constitutional duties in safeguarding and managing Hawai'i's invaluable ocean environment.

While Ocean Stewardship User Fee rules have only just been established, making the Ocean User Fee permanent, as originally proposed in the original draft of this measure, would allow the

DLNR to make the most of the funds it will soon begin to receive. **The current sunset of the Ocean Stewardship User Fee, as well as the proposed 2-year extension of the User Fee in the amended HD1 draft of this measure, limits the strategic options that the DLNR might otherwise consider in its plans to expend these initial moneys.** The assurances of a continued, permanent revenue stream, on the other hand, will allow the DLNR to engage in more comprehensive and long-term planning for User Fee-funded programs that would have a much greater potential benefit to our nearshore environment, and by extension, the people of Hawai'i.

Accordingly, the Sierra Club respectfully urges the Committee to **PASS WITH AMENDMENTS** SB2182 HD1, to make permanent the Ocean Stewardship User Fee as a wise and invaluable investment in our nearshore environment.

Mahalo nui for the opportunity to testify.

**Testimony of The Nature Conservancy
Support for SB 2182 HD1, Relating to Ocean Stewardship
Committee on Finance
March 28, 2024, 3:30 p.m.
Conference Room 308 & Videoconference**

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

The Nature Conservancy (TNC) **supports** SB 2182 HD1, relating to ocean stewardship, which extends the Ocean Stewardship Special Fund until January 1, 2031. We strongly supported establishment of the fund in 2021 and believe it can play an important role in comprehensively addressing the gap in funding natural resource protection and restoration. We also support making the Ocean Stewardship Fund permanent to establish a sustainable funding stream to help close Hawai'i's conservation funding gap and to support critical marine management and safety efforts.

Life in Hawai'i is concentrated along our spectacular coasts, where islanders and visitors take full advantage of tropical waters and vibrant coral reefs teeming with life. The reefs that line our coasts are environmental, economic, recreational, and cultural treasures that support our island lifestyle and livelihoods. Each year, they provide flood protection to people, property, and jobs valued at more than \$836 million, support nearshore fisheries worth \$13.4 million, and contribute more than \$1.2 billion through reef-related tourism to the state's economy. Yet local pressures from overfishing and land-based pollutants have contributed to a 60% decline in living coral reefs in some areas over the past 40 years, and as much as a 90% decline in some important nearshore fisheries. The impacts of global climate change, such as warming and rising seas and more powerful and frequent storms, hasten the loss of coral reefs and threaten coastal areas with flooding and erosion. In a recent poll of Hawai'i residents, 93% said that coral reefs dying off was a serious concern. We must reverse this trend to protect the environmental engine that drives our economy.

DLNR is responsible for managing and protecting Hawai'i's coral reefs, nearshore fisheries, and other important coastal resources, and it is imperative that they have the financial resources necessary to do so. This bill will enable DLNR to continue collecting nominal fees from visitors for the use and enjoyment of the State's ocean resources. These fees provide critical revenue to DLNR for essential marine resource protection, restoration, and management. The Ocean Stewardship Fee is currently collected through commercial ocean operators who provide services to tourists. Collected fees are directed into a special fund managed by the Division of Aquatic Resources (DAR), and residents and visitors alike benefit from healthier and more resilient marine resources.

Mahalo for the opportunity to testify in **support** of SB 2182 HD1.

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SB-2182-HD-1

Submitted on: 3/26/2024 4:47:07 PM

Testimony for FIN on 3/28/2024 3:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Klayton Kubo	Individual	Support	Written Testimony Only

Comments:

Support