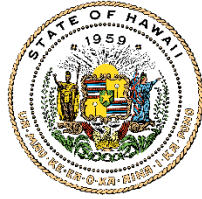


JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



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

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LAND
STATE PARKS

Testimony of
DAWN N. S. CHANG
Chairperson

Before the Senate Committee on
WATER AND LAND

Monday, March 13, 2023
1:00 PM
State Capitol, Conference Room 229

In consideration of
HOUSE BILL 908, HOUSE DRAFT 2
RELATING TO THE LAND CONSERVATION FUND

House Bill 908, House Draft 2 proposes to alter the buying power of the Legacy Land Conservation Program by modifying the maximum amount of annual conveyance tax revenue deposited into the Land Conservation Fund, currently at \$5.1 million. **The Department of Land and Natural Resources (Department) strongly supports the House Draft 1 proposal to increase the maximum amount of annual conveyance tax revenue to \$9.8 million, provided that its passage does not replace or adversely impact priorities indicated in the Executive Supplemental Budget request, and offers a critical amendment that would further enhance the State's ability to help protect resources and preserve lands for conservation purposes.**

For fiscal years 2021, 2022, and 2023, conveyance tax revenue deposited into the Land Conservation Fund (LCF) has declined to the lowest level in the LCF's eighteen-year history. Further weakened by the recent transfer of \$15 million from the LCF to the general fund, LCF buying power in today's real estate market falls short of the legislated mandate "to establish permanent adequate funding for land conservation" (Act 156, Section 1, Session Laws of Hawaii 2005), then pegged at 10% of annual conveyance tax revenue, uncapped.

Since 2015, when the Legislature first capped the maximum amount of annual conveyance tax revenue at a level other than 10% (\$6.8 million), the Legislature did not pass any of the numerous bills that were introduced to increase that amount, and succeeded only in reducing it. Now is the time to reverse this trend. If the maximum amount of annual conveyance tax revenue remains at its all-time low of \$5.1 million, and the \$1.5 Turtle Bay debt service payment remains in place, and other sources of revenue are not available, **then only about \$3.3 million per year**

will be available for land acquisition grants in future years, regardless of spending ceiling increases, due to a lack of cash in the LCF. Contrast this with the recent recommendation from the Legacy Land Conservation Commission to the Board of Land and Natural Resources, supporting nearly \$7 million in Fiscal Year 2023 grant funding, total, for four applications that ranked closely together in the above average/exemplary range.

The Department of Taxation reports that Fiscal Year 2022 conveyance tax revenue totaled over \$188.4 million, and that Fiscal Year 2023 conveyance tax revenue reached over \$50.1 million by the end of December 2022 (second quarter). If Fiscal Year 2023 revenue collections continue at the current pace and are distributed in Fiscal Year 2023 under the \$9.8 million cap proposed by House Draft 1 of this measure, then the cash balance of the LCF would receive an immediate \$3.7 million boost for investing in future land acquisitions, and the portion of Fiscal Year 2024 appropriations that could be awarded for competitive management grants to aid some of the forty-plus State, county, and private properties in the LCF portfolio would be \$490,000 rather than \$255,000. Therefore, the Department requests that the Water and Land Committee consider amending SECTION 3, page 1, line 16 of this measure to read as follows:

SECTION 3. This Act shall take effect [~~on June 30, 3000.~~]
upon approval.

Mahalo for the opportunity to testify in strong support of this measure with the proposed amendment.

March 13, 2023

The Honorable Lorraine R. Inouye, Chair

Senate Committee on Water and Land
State Capitol, Conference Room 229 & Videoconference

RE: House Bill 908, HD2, Relating to the Land Conservation Fund

HEARING: Monday, March 13, 2023, at 1:00 p.m.

Aloha Chair Inouye, Vice Chair Elefante, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i and its over 11,000 members. HAR provides **comments** on House Bill 908, HD2, which amends the maximum amount of conveyance tax revenues allocated the land conservation fund. Effective 6/30/3000.

The Conveyance Tax applies to not only residential property such as single-family homes and condominiums, but to the conveyance of multi-family rentals, land for residential subdivisions, mixed-income and multi-use properties, commercial properties, resort properties, and agricultural lands. With inflation hitting a 40-year high and rising interest rates, Hawaii's real estate market slowed with a 22.64% decrease in sales from the previous year for single-family homes and 20.06% decrease for condominiums.¹

As such, the problem linking funding to the Conveyance Tax is that when the real estate market is down, there may not be enough funds to pay for the programs and the special funds it covers. The Conveyance Tax is then often targeted for increase to cover these programs; however, when the market is up, there are excess funds over and above the program's needs. This becomes a cyclical issue, and unreliable in forecasting for these program's needs.

Finally, while the Land Conservation Fund is valuable, it should be noted that it can request appropriations and funds through the regular budgetary process, which would be a more reliable source of funds for the aforementioned reasons.

Thank you for your consideration of our comments. Mahalo for the opportunity to testify.

¹ Hawai'i REALTORS®. (2022). *Statewide Housing Data*. <https://www.hawaiiirealtors.com/wp-content/uploads/2023/01/2022-Annual-Statewide-Statistics-Report.pdf>



Testimony Before The
Senate Committee on Water and Land
IN SUPPORT OF HB 908 HD2
March 13, 2023, 1:00PM, Room 229

My name is Kevin Chang and I am the Executive Director of [Kua'āina Ulu 'Auamo \(or KUA\)](#). KUA works to empower grassroots rural and Native Hawaiian mālama 'āina groups to celebrate their places and pass on their traditions to better Hawai'i and achieve 'āina momona— an abundant, productive ecological system that supports community well-being.

KUA supports HB 908 HD2 as an incremental step towards 'āina momona. This bill would raise the Legacy Land Conservation Program's spending cap from its current level of \$5.1 million. The previous amount scratched on the last hearing for this bill was \$9.8 million and we understand the DLNR supported it. We believe the cap should at least be adjusted to current market levels.

KUA employs a community-driven approach that currently supports a statewide network of 36 mālama 'āina community groups collectively referred to as E Alu Pū (moving forward together), 40 fishpond projects and practitioners called the Hui Mālama Loko I'a, and a growing group of over 60 Limu practitioners and supporters called the Limu Hui. Members of these networks and future generations need a more skilled, objectively certified and resourced DOCARE and it is encouraging to see bills that will support this.

A primary function of KUA includes development of an 'auwai, a stream of resources, tools, bridges, relationships, and networks that help to cultivate and take our communities' work to greater levels of collective impact. One of these resource pathways has been the Legacy Lands Fund which allows the acquisition or protection of lands which community groups can outright own, co-steward or manage in collaboration with our state.

Today a number of our network participants have sought to, or have actually acquired land or served as co-stewards or conservation easement monitors/managers. A growing number of our communities have a vision to one day own or co-manage resources with our state. As they grow and their capacities to meet their visions, we expect more communities over time to seek the support of the Legacy Land Conservation Program (LLCP).

Over the past six or more years, the cap has remained at \$5.1 million while real estate prices have skyrocketed. Overtime this has meant that the LLCPP routinely misses opportunities to support land conservation, even to go so far as causing applicants to split and/or delay their acquisition timelines over a number of years. Meanwhile our lands, in real rapid time, continue to be acquired by heavily resourced speculators who invest in lands, rarely upkeep or occupy them while simultaneously driving up taxes and the cost of living and property ownership for some of our most vulnerable rural communities who live near these areas.

The communities we work with are committed to ensuring the long-term health of our biocultural resources. They have depended on them for generations. We believe our environment, the foundation of our very existence, is about long-term investment and a vision of 'āina momona. To

get there it requires among other things the tools we need to build pathways, mindsets, relationships and resource flows for our communities to mālama 'āina. The LLCP program is one such pathway and resource flow that helps communities invest in the long-term vision of caring for 'āina.

Mahalo for this opportunity to testify in support.

Aloha 'Āina Momona.

**Testimony of The Nature Conservancy
Supporting HB 908 HD2, Relating to the Land Conservation Fund.**

**Committee on Water and Land
March 13, 2023, 11:30 am
Conference Room 229 and via Videoconference**

Aloha Chair Inouye, Vice Chair Elefante, and Members of the Committee:

The Nature Conservancy (TNC) supports HB 908 HD2, Relating to the Land Conservation Fund, which amends the amount of conveyance tax to be deposited into the Land Conservation Fund. We ask that the Committee increase the cap to, at minimum, the \$9.8 million level in the introduced version of HB 908.

The Land Conservation Fund supports the Legacy Land Conservation Program, which funds grants to State and County governments and non-profit land conservation organizations to acquire land and protect valuable resources for public benefit. Protecting these lands offers wide benefits for the people of Hawai'i, including reforestation efforts that help mitigate the impacts of climate change by providing freshwater for our islands and habitat for threatened and endangered plant and animal species. Protection and management also reduces runoff, drought, and wildfires that directly impact communities and our ecosystems. Increasing the cap on the Land Conservation Fund will support much needed land protection efforts as Hawai'i battles these impact of climate change.

As real estate prices rise, increasing the cap on the Land Conservation Fund will help meet the demand for and cost of acquiring land for public and ecological benefit. Under the current cap, the Legacy Land Conservation Program regularly is unable to meet all the need. Additionally, the Land Conservation Fund provides vital matching funds necessary to access federal money under the Land and Water Conservation Fund, which provides \$900 million annually for land conservation programs nationally.

Mahalo for your support of Hawai'i's natural resources and the opportunity to provide testimony in support of raising the cap on the Land Conservation Fund in HB 908 HD2.

The Nature Conservancy of Hawai'i and Palmyra is a non-profit organization dedicated to the preservation of the lands and waters upon which all life depends. The Conservancy has helped protect more than 200,000 acres of natural lands in Hawai'i and Palmyra Atoll. We manage 40,000 acres in 13 nature preserves and work in over 50 coastal communities to help protect and restore the nearshore reefs and fisheries of the main Hawaiian Islands. We forge partnerships with government, private parties, and communities to protect forests and coral reefs for their ecological values and for the many benefits they provide to people.

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To: The Honorable Chair Lorraine Inouye, Vice-chair Brandon Elefante, and members of the Senate Committee on Agriculture and Environment

From: Hawai'i Reef and Ocean Coalition (by Ted Bohlen)

Re: Hearing HB908 HD2 **RELATING TO THE LAND CONSERVATION FUND**

Hearing: Monday, March 13, 2023, 1:00 p.m. CR229

Aloha Chair Inouye, Vice Chair Elefante, and members of the Committee:

The Hawai'i Reef and Ocean Coalition (HIROC) is a group of scientists, educators, filmmakers and environmental advocates who have been working since 2017 to protect Hawaii's coral reefs and ocean.

The Hawai'i Reef and Ocean Coalition STRONGLY SUPPORTS HB908 HD2 to amend the maximum amount of conveyance taxes allocated for deposit into the Land Conservation Fund!

DLNR's Legacy Land Conservation Fund has been an important tool in purchasing and preserving lands that have exceptional, unique, threatened, and endangered resources. Conveyance tax revenues that fund the program reportedly have dropped to an 18 year low, while land prices have risen. Additional revenue is needed to protect these critical resource lands.

Please strengthen the buying power of Legacy Land Conservation Fund by raising the maximum amount of annual conveyance tax revenue that can be deposited into the fund from \$5.1 to 9.8 million.

We thank the committee for hearing this important measure and respectfully urge your passage of HB908 HD2.

Mahalo!

Hawai'i Reef and Ocean Coalition (by Ted Bohlen)

HB-908-HD-2

Submitted on: 3/13/2023 8:20:37 AM

Testimony for WTL on 3/13/2023 1:00:00 PM

LATE

Submitted By	Organization	Testifier Position	Testify
Thorne Abbott	Testifying for Coastal Planners, LLC	Support	Written Testimony Only

Comments:

Please set the cap at \$9.8 million or remove the cap entirely and retain the 10% for HRS 247-7 (1). The Legacy Land Conservation Program is a very effective program that helps willing landowners protect and conserve ecologically, agriculturally, or culturally important lands in Hawaii. The program should not be limited or constrained by funding given these lands will benefit the public for years to come.

HB-908-HD-2

Submitted on: 3/12/2023 10:17:32 AM

Testimony for WTL on 3/13/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Rick Warshauer	Individual	Support	Written Testimony Only

Comments:

Senators,

I urge you to amend and pass this bill, as in its present form the bill eliminates the amount of conveyance tax revenue deposited into the Land Conservation Fund which otherwise could strengthen the buying power of the State’s Legacy Land Conservation Program at a time when land costs are rising along with the need for the program. Please restore the \$9.8 million amount that HD1 proposed for lifting the existing cap on conveyance tax deposits from the current \$5.1 million, helping to keep pace with elevated land costs. Better yet, please consider removing the monetary cap on the amount of conveyance tax revenue deposited into the Land Conservation Fund and reinstate the original formula established by the 2005 legislature (10% of conveyance tax revenue, uncapped). We residents of Hawaii very much appreciate the process of funding the Land Conservation Fund in order to purchase land and wahi pana that we want to see purchased and removed from the speculative real estate market.

Mahalo – Rick Warshauer, Volcano

LATE

HB-908-HD-2

Submitted on: 3/12/2023 6:18:23 PM

Testimony for WTL on 3/13/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Beryl Blaich	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Inouye and Vice-Chair Elefante and to you, Senators Change, McKelvey and Fevella,

I implore you to increase the amount of funding allotted to the State Land Conservation Fund. Ideally, funding would simply be, as it was when this well supported measure was first adopted in 2005, putting 10% of the land conveyance tax revenue into the land conservation fund. Otherwise, I hope that you will stipulate 10% or \$9.8 million, whichever is less, to land conservation as well as fifty percent or \$38 million, which ever is less , into the rental housing revolving fund."

I am fortunate to serve on the State Legacy Lands Conservation Commission and am so grateful to the Water and Land Committee Senators who reviewed my nomination and gave me this opportunity and responsibility. Being on the Commission compels me to convey that as legislators and as citizens, you can feel that 1. heritage land of immeasurable importance to our identity, economic and social well being is preserved annually; 2. deserving significant lands are not set aside due to lack of funds; 3. all funds allotted to the Legacy Lands Conservation program are tightly managed and maximized.

For now and looking forward for future generations, please take this responsible action to adequately underpin the addressing critical public needs.

Respectfully,

Beryl Blaich PO box 1434, Kīlauea, HI, 808-346-9589