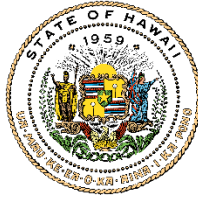


JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

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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DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
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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

**Testimony of
DAWN N.S. CHANG
Chairperson**

**Before the Senate Committee on
WAYS AND MEANS**

**Wednesday, February 19, 2025
10:02 AM**

State Capitol, Conference Room 211, Via Videoconference

**In consideration of
SENATE BILL 739, SENATE DRAFT 1
RELATING TO LAND EXCHANGE**

Senate Bill 739, Senate Draft 1 proposes to allow the Governor to negotiate land exchanges to acquire lands suitable for long-term diversified agricultural production in exchange for state lands for private affordable housing development. The measure also proposes to require a report to the Legislature. **The Department of Land and Natural Resources (Department) appreciates the intent of this measure and offers the following comments and amendment.**

The Department and the Board are responsible for managing approximately 1.3 million acres of public lands comprised of sensitive natural, cultural, and recreational resources. The Department's responsibilities include managing and maintaining the State's coastal lands and waters, water resources, conservation and forestry lands, historical sites, small boat harbors, parks, and recreational facilities; performing public safety duties (e.g., flood and rockfall prevention); issuing and managing leases of public lands (agriculture, pasture, commercial, industrial, and resort leases); maintaining unencumbered public lands; and enforcing the Department's rules/regulations.

To properly perform these fiduciary duties, the Legislature and the Board determined that the Department should use a portion of the lands it manages to generate revenues to support the Department's operations and management of public lands/programs. Annual lease revenues currently support the Special Land and Development Fund (SLDF), with revenues coming primarily from leases for commercial, industrial, resort, geothermal and other renewable energy projects. The SLDF revenues collected by the Department's Land Division cover the entire annual operating budget for the Land Division, the Department's Office of Conservation and Coastal Lands, and the Dam Safety and Mineral Resources Programs of the Department. The revenues fund over 80 Department staff positions, including

5 positions within the Commission on Water Resource Management, and provide funding support to the Division of State Parks and various resource protection programs administered by the Division of Forestry and Wildlife such as the protection of threatened and endangered species, removal of invasive species, wildland firefighting and lifeguard services.

The SLDF is a critical and increasingly important funding source for various divisions within the Department to deal with emergency response to natural catastrophes such as fire, rockfall, flood or earthquake and hazard investigation and mitigation. The SLDF also is critical for staff support of various programs and funding conservation projects on all state lands. It has also become an important source of state match for federally funded endangered species and invasive species initiatives that otherwise would not go forward.

Thus, while the Department supports the intent of the bill, we would urge that state lands that are currently going through the development entitlement process and substantial state funds have been expended, not be considered priority lands for land exchange.

SECTION 2, subsection (a), of the bill assigns sole authority for executing land exchanges to the Governor, removing the Board from its statutory role in public land dispositions. The Board's review process ensures transparency and public accountability through Chapter 92, public sunshine-decision-making process, allowing for public input in evaluating land exchanges. The Department therefore recommends that the Board retain its role in reviewing and approving land exchanges.

Thank you for the opportunity to testify on this measure.



COMMENTS ON SENATE BILL 739 SD1
RELATING TO LAND EXCHANGE
Senate Committee on Ways and Means
Hawai'i State Capitol

February 19, 2025

10:02AM

Room 211

Aloha e Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Senate Committee on Ways and Means,

The Office of Hawaiian Affairs (OHA) Administration will recommend that the Board of Trustees **COMMENT** on SB739 SD1. While OHA appreciates the intent of this measure to prioritize diversified agricultural development, while simultaneously attempting to mitigate the severity of the housing crisis through the development of affordable housing, **OHA recommends specific provisions be included to protect OHA's beneficiaries and their interests in ceded lands.**

First, the Native Hawaiian community has special rights and interests in the disposition and exchange of our public lands, much of which are "ceded" lands acquired without the consent of the Native Hawaiian people, to which Native Hawaiians have never relinquished their claims, and which contribute to OHA's 20% of public land trust revenues.¹ **OHA requests express provisions affirming that private lands exchanged for ceded or public land trust lands assume the ceded or public land trust lands character of the exchanged lands.**

Second, public scrutiny and input can provide an important check against political and other pressure on State negotiators, which may otherwise result in offers less than fair to the State, the public, and Native Hawaiians. Agreements on high-value public land exchanges made with the opportunity for public scrutiny may also reduce questions and speculation of favoritism and the erosion of public confidence in the State's administration of our public land base. Finally, it can minimize potential legal challenges post-factum. **With the State's recognition that its "ultimate decision-making power" is vested in the people,² OHA respectfully recommends consideration of the overwhelming weight of public interest in the disposition and exchange of our public lands, by providing specific**

¹ See Hawai'i Revised Statutes § 10-13.5

² HRS § 92-1.

provisions that facilitate public participation and review of any proposed land exchange.
The best way to do this is to leave and land decisions subject to HRS chapter 171.

Finally, OHA appreciates the specific provision of the bill specifying that lands acquired by private developers would remain subject to Hawaii Revised Statutes Chapter 6E and 343. See page 11, lines 9-15. However, the ultimate language should make clear that this requirement will remain in place, notwithstanding other exemptions made to expedite housing construction in Transit Oriented Development corridors.

Mahalo for the opportunity to testify.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



WENDY GADY
EXECUTIVE DIRECTOR

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
HUI HO'OU LU AINA MAHIAI

TESTIMONY OF WENDY L. GADY
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

LATE

BEFORE THE SENATE COMMITTEES ON WAYS AND MEANS
February 19, 2025
10:02 p.m.
Conference Room 211 & Videoconference

SENATE BILL NO. 739 SD1
RELATING TO LAND EXCHANGE

Chairperson Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

Thank you for the opportunity to testify in **support** of Senate Bill No. 739 SD1, which allows the governor to negotiate land exchanges to acquire lands that are suitable for long-term diversified agricultural production in exchange for land for private affordable housing development. Requires a report to legislature. This strategic initiative addresses two critical needs in our state: enhancing agricultural sustainability and increasing affordable housing availability.

Enhancing Agricultural Sustainability

Hawai'i's reliance on imported food poses significant risks to our food security. By acquiring lands ideal for diversified agriculture, SB 739 SD1 promotes local farming, which:

- **Reduces Dependence on Imports:** Increasing local food production diminishes our vulnerability to global supply chain disruptions.

- **Stimulates Economic Growth:** Supporting local agriculture creates jobs and invigorates rural economies.
- **Encourages Sustainable Practices:** Diversified farming promotes environmentally friendly methods, preserving our natural resources for future generations.\

Increasing Affordable Housing Availability

The high cost of housing in Hawai'i has long been a pressing issue. SB 739 SD1 facilitates the development of private affordable housing by:

- **Providing Land for Development:** Exchanging state lands for private lands suitable for agriculture allows for the construction of affordable housing units.
- **Encouraging Public-Private Partnerships:** Collaborations between the state and private developers can expedite housing projects and leverage additional resources.
- **Addressing Housing Shortages:** Increasing the supply of affordable homes helps meet the demand and supports the well-being of our residents.

Strategic Land Exchanges

The land exchanges proposed in SB 739 SD1 are a prudent approach to utilizing state assets effectively. By acquiring agricultural lands through these exchanges, the state can:

- **Optimize Land Use:** Ensure that lands are utilized in a manner that best serves public interests, whether for agriculture or housing.
- **Preserve Open Spaces:** Maintain green spaces and agricultural zones, contributing to environmental conservation.
- **Balance Development and Conservation:** Thoughtfully plan land use to meet housing needs while protecting agricultural areas.

Conclusion

Senate Bill 739 SD1 presents a balanced and forward-thinking strategy to tackle two of Hawai'i's most pressing challenges: food security and affordable housing. By authorizing the Governor to negotiate land exchanges, we can simultaneously bolster our agricultural sector and provide much-needed affordable housing for our residents. I respectfully urge the committee to pass SB 739 SD1 to promote a sustainable and prosperous future for Hawai'i. We support this bill provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget. Mahalo for your time and consideration.



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February 19, 2025

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON SB 739, SD1
RELATING TO LAND EXCHANGE

Conference Room 211 & Videoconference
10:02 AM

Aloha Chair Dela Cruz, Vice-Chair Moriwaki, 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 supports SB 739, SD1, which allows the Governor to negotiate land exchanges for the acquisition of lands suitable for long-term diversified agricultural production in exchange for lands to be used for private affordable housing development. This measure provides an opportunity to expand the state's agricultural landholdings, ensuring that critical farmland remains dedicated to agricultural production rather than being acquired for non-agricultural uses.

One of the greatest challenges facing Hawai'i's agricultural industry is the loss of prime agricultural lands to development and speculation. With increasing pressure to convert farmland into residential or commercial projects, it is essential that the state actively secures agricultural lands to support food production, agricultural self-sufficiency, and long-term economic sustainability. Additionally, securing more agricultural land under state ownership provides greater stability for local farmers by ensuring that these lands are used for their intended purpose. With affordable, long-term agricultural leases, farmers and ranchers can invest in infrastructure, expand production, and contribute to food security efforts.

While we recognize the potential benefits of land exchanges in addressing both agricultural self-sufficiency and housing needs, we emphasize the importance of ensuring that agricultural lands remain protected and that any exchanges result in a net benefit for agriculture.

We appreciate the intent of SB 739, SD1, and urge its passage to protect Hawai'i's agricultural lands, strengthen food security, and prevent farmland from being lost to non-agricultural development.

Thank you for the opportunity to testify on this measure.