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 Senate Committee on WATER AND LAND

Monday, March 15, 2021 1:00 PM State Capitol, Via Videoconference, Conference Room 229

In consideration of **HOUSE BILL 1019, HOUSE DRAFT 2** RELATING TO OCEAN STEWARDSHIP

House Bill 1019, House Draft 2 proposes to establish the Ocean Stewardship Special Fund and Ocean Stewardship User Fee for the collection and use of moneys for the conservation, restoration, and enhancement of the State's marine resources, sunsets the special fund in five years, and delays collection of the Ocean Stewardship User Fee until 1/1/2024. The Department of Land and Natural Resources (Department) supports this Administration bill and offers the following comments.

Hawai'i's ocean waters and the marine resources contained within are some of the State's most ecologically, economically, and culturally valuable environmental assets, central to our \$7.8 billion outdoor recreation industry. Our marine resources are also under threat - more frequent coral bleaching events, pollutant runoff, unsustainable fishing practices and the rapid proliferation of invasive species demand that we take action now to halt and reverse these threats. It is critically important that the Department has adequate resources to help ensure the health of our nearshore marine ecosystems for present and future generations. With current state budget challenges, additional revenues are needed to prevent us from moving backwards in protection of these natural, cultural and economic resources.

For decades, visitors have enjoyed Hawai'i's abundant ocean resources without contributing directly to management of those resources. House Bill 1019, House Draft 2 would provide a framework for the Department to begin collecting nominal fees from visitors for the use and enjoyment of the State's ocean resources. These fees would provide needed revenues to the Department for marine resource conservation, restoration, enhancement, research, and educational activities.

SUZANNE D. CASE

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The Department recently commissioned a study to explore the feasibility of establishing an Ocean Stewardship Fee. The full study can be viewed or downloaded (10 MB) at this link: https://dlnr.hawaii.gov/dar/files/2021/01/Ocean Stewardship Fund.pdf

The Ocean Stewardship Fee would be collected through commercial ocean operators who provide vessel-based activities to passengers or vessel-free services to customers. The Department's Division of Boating and Ocean Recreation (DOBOR) Commercial Use Permit holders would collect a small per head fee from each passenger or customer. Fees would be paid to the Department through an online payment system at the end of each month. Collected fees would be directed into a special fund managed by the Department's Division of Aquatic Resources (DAR).

According to the study, if the fee is set at \$1.00 per passenger or customer, and fee volumes are based on tourism numbers with COVID-19 potential impacts, the program would be expected to generate a Net Present Value (NPV) of \$14.4 million over a 15-year time horizon. If the same \$1.00 per passenger or customer fee rate is used with Hawai'i tourism numbers prior to 2020, the program would be expected to generate a NPV of \$30.3 million over a 15-year time horizon.

Residents and visitors alike would benefit from healthier reefs and restored fisheries. Commercial ocean tour operators would benefit directly by being able to offer more enjoyable experiences to their customers, and customers will have the satisfaction that their experience is contributing to marine resource conservation, restoration, and enhancement. It is a win/win situation for Hawai'i's residents, visitors, businesses, resource managers, and most importantly the ocean resources themselves.

The Department has concerns with the language in SECTION 3 (beginning on page 7, line 6) that abolishes the Ocean Stewardship Special Fund on June 30, 2026 and transfers any remaining balance to the General Fund. The collection of user fees would begin on January 1, 2024, giving the Department only two and a half years to collect revenues and spend them on projects. This timeframe is far too short to fully realize the benefits of sustainable funding for marine resource conservation, restoration, and enhancement. The Department prefers the House Draft 1 version that does not provide a sunset date for the Special Fund. This would allow the Department to engage in long-term planning for ocean stewardship projects.

Thank you for the opportunity to comment on this measure.



Testimony Before The Senate Committee on Water and Land IN SUPPORT OF HB 1019 HD 2

Monday, March 15, 2021, 1:00PM, Room 229

We are Kevin Chang and Miwa Tamanaha we are the Co-Directors of Kuaʻāina Ulu ʻAuamo (or KUA). KUA works to empower grassroots rural and Native Hawaiian mālama ʻāina groups – fishers, farmers and families- to celebrate their places and pass on their traditions to better Hawaiʻi and achieve ʻāina momona— an abundant, productive ecological system that supports community well-being.

KUA generally supports HB 1019 HD 2. This bill authorizes the Department of Land and Natural Resources to collect non-resident user fees for the use and enjoyment of the State's ocean resources.

KUA works to empower communities to improve their quality of life through caring for their environmental heritage together. We employ a community-driven approach that currently supports a network of more than 36 mālama 'āina community groups collectively referred to as E Alu Pū (moving forward together), 38 fishpond projects and practitioners called the Hui Mālama Loko I'a, and a growing hui of Limu practitioners all from across our state.

A primary function of KUA includes development of an 'auwai, a stream of resources tools, bridges and networks that help to cultivate and take our communities' work to greater levels of collective impact. A core source of the flow in this 'auwai includes building the capacity within and between the state and communities to better care for Hawai'i's resources together. An Ocean Stewardship Fee program would help address the increasing challenge of responsibly caring together for Hawai'i's marine ecosystem and the important services it provides for current and future generations.

Our state depends on healthy marine systems; they feed us, protect our shorelines, support and sustain cultural practices, and ensure economic vitality. For the last century ocean recreation users and visitors have enjoyed Hawaii's abundant ocean resources with no direct contribution to their care and vitality. This bill provides a pathway to generate needed user and visitor revenue to help fund marine resource restoration, conservation, and education. We are of course excited that this support will also boost government and community capacity to better collaborate in our care for the ocean.

Indeed, other island nations as you know have begun to do similar.

Mahalo for this opportunity to testify.

Aloha 'Āina Momona.



HB1019 HD2

RELATING TO OCEAN STEWARDSHIP Ke Kōmike 'Aha Kenekoa o ka Wai a me ka 'Āina Senate Committee on Water and Land

Malaki 15, 2021 1:00 p.m. Lumi 229

The Office of Hawaiian Affairs (OHA) offers testimony in <u>SUPPORT</u> of HB1019 HD2, which would provide a mechanism for generating substantial and dedicated revenues to support the the conservation, restoration, and enhancement of the State's marine resources.

Hawai'i's ocean environment forms the bedrock of our islands. Hawai'i's marine environment and natural resources serve as a cultural, economic, social, scientific and recreational foundation for these islands. OHA notes that economic studies in 2002 and 2003 found an overall contribution of \$800 million in revenue generated from our coral reefs and coastal resources, with an added recreational, amenity, fishery, biodiversity and educational value of \$364 million per year. A subsequent report released in 2011 utilizing "innovative economic survey techniques" found that across U.S. households, the economic value of protecting Hawai'i's nearshore environment could be estimated at \$34 billion a year. While our ocean waters clearly hold cultural, spiritual, and biological significance beyond any monetary value, these economic analyses clearly reflect the critical nature of our marine environment to Hawai'i nei.¹

This measure would accordingly support the management and stewardship of some of our most culturally, economically, and socially valued ocean areas, as well as research and other activities that may benefit our ocean environment as a whole. By establishing ocean stewardship user fees and dedicating such fees to the conservation, restoration, and

¹ See Carlie S. Weiner, Mark D. Needham, & Paul Wilkinson, Hawaii's real marine life park: interpretation and impacts of commercial marine tourism in the Hawaiian Islands, 12 Current Issues in Tourism 489, 489-90 (2009) citing P.J. van Beukering & H.S. Cesar, Ecological economic modeling of coral reefs: Evaluating tourist overuse at Hanauma Bay and algae blooms at the Kihei Coast, Hawai'i 58 Pac. Science 243 (2007); A.M. Friedlander et. al., The state of coral reef ecosystems of the main Hawaiian Islands in The State of Coral Reef Ecosystems in the United States and Pacific Freely Associated States 222-269 (2005); K. Davidson, M. Hamnet, & C. Minato, Economic Value of Hawaii's Nearshore Reefs (2003), available at http://nature.forestry.oregonstate.edu/sites/default/files/2009-2%20CIT%20-%20Needham%20Wilkinson%20(2009).pdf; Herman Cesar et. Al, Economic Valuation of the

<u>%20Wiener%20Needham%20Wilkinson%20(2009).pdf</u>; HERMAN CESAR ET. AL, ECONOMIC VALUATION OF THE CORAL REEFS OF HAWAII FINAL REPORT 74 (2002), available at

http://www.coralreef.gov/meeting18/evhcri samoa 2007.pdf; RICHARD C. BISHOP ET. AL., TOTAL ECONOMIC VALUE FOR PROTECTING AND RESTORING HAWAIIAN CORAL REEF ECOSYSTEMS: EXECUTIVE SUMMARY (2011), available at https://www.coris.noaa.gov/activities/hawaii econeval/resources/execsumm.pdf.

enhancement of marine resources, this measure could generate substantial revenues to protect and perpetuate the ocean environment upon which our islands depend.

Therefore, OHA urges the Committee to **PASS** HB1019 HD2. Mahalo nui loa for the opportunity to testify on this measure.

HB-1019-HD-2

Submitted on: 3/12/2021 12:23:17 PM

Testimony for WTL on 3/15/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ted Bohlen	Testifying for Hawaii Reef and Ocean Coalition	Support	No

Comments:

To: The Honorable Lprraine Inouye, Chair, the Honorable Senator Gilbdert Keith-Agaran, Vice Chair, and Members of the Senate Committee on Water and Land.

From: HAWAI'I REEF AND OCEAN COALITION – HIROC (by Ted Bohlen)

Re: Hearing HB1019 RELATING TO OCEAN STEWARDSHIP

Hearing Date: Monday, March 15, 2021, 1:00 pm, videoconference

Position: STRONG SUPPORT FOR HB1019 HD2!

Aloha Chair Inouye, Vice Chair Keith-Agaran, and Members of the Senate Committee on Water and Land:

The HAWAI'I REEF AND OCEAN COALITION – HIROC – **STRONGLY SUPPORTS** HB1019 HD2! HIROC was formed in 2017 by coral reef scientists, educators, local Hawaii environmental organizations, elected officials, and others to address the crisis facing Hawaii's coral reefs and other marine life.

The health of our reefs and oceans is critical for Hawaii's recreation, economy and shoreline protection. The reefs and ocean need funding for protection! This bill would establish for the next five years the Ocean Stewardship Special Fund for the collection and use of moneys for the conservation, restoration, and enhancement of the State's marine resources. The bill authorizes the Department of Land and Natural Resources to collect non-resident user fees for the use and enjoyment of the State's ocean resources. Twenty percent of the fund shall be paid to the Office of Hawaiian Affairs for ceded lands.

This fund is an appropriate way to finance at least in part these critical marine resource protections. The ocean stewardship special fund shall be used to:

(1) Develop and carry out marine resource conservation, restoration, enhancement, research, regulatory measures, enforcement actions, educational activities, or any other

management measure intended to conserve, restore, and enhance marine resources under the jurisdiction of the State;

- (2) Develop and carry out restoration and compensatory mitigation measures for impacts to the marine environment, including impacts to the marine environment from federal or state permitted actions, or violations of subtitle 5 of title 12 or any rule adopted thereunder; and
- (3) Install, maintain, and replace day use mooring buoys and other infrastructure to reduce impacts to the marine ecosystem.

Please pass this Bill! Mahalo!

Hawaii Reef and Ocean Coalition (by Ted Bohlen)

The Nature Conservancy, Hawai'i Program 923 Nu'uanu Avenue Honolulu, HI 96817

Tel (808) 537-4508 Fax (808) 545-2019 nature.org/hawaii

Testimony of The Nature Conservancy In Support of HB1019, HD2, RELATING TO OCEAN STEWARDSHIP

Committee on Water & Land Monday, March 15, 2021, 1:00 PM Conference Room 229 Via Teleconference

The Nature Conservancy of Hawai'i 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.

The Nature Conservancy supports House Bill 1019, HD2 which proposes to establish the Ocean Stewardship Special Fund for the collection and use of funds for the conservation, restoration, and enhancement of the State's marine resources, and to authorize the Department of Land and Natural Resources (DLNR) to collect non-resident user fees for the use and enjoyment of the State's ocean resources.

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. House Bill 1019 will enable DLNR to begin collecting nominal fees from visitors for the use and enjoyment of the State's ocean resources. These fees will provide critical revenue to DLNR for essential marine resource protection, restoration, and management. The Ocean Stewardship Fee would be collected through commercial ocean operators who provide services to tourists. Collected fees would be directed into a special fund managed by the Division of Aquatic Resources (DAR), and residents and visitors alike would benefit from healthier and more resilient marine resources.

Thank you for the opportunity to support HB1019, HD2 to provide the funding necessary for DLNR to protect and restore the unique marine resources that make Hawai'i a global destination for discerning visitors and an irreplaceable home that will sustain us and our children for generations to come.

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The Voice for Hawaii's Ocean Tourism Industry

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THE SENATE THE THIRTY-FIRST LEGISLATURE REGULAR SESSION OF 2021

COMMITTEE ON WATER AND LAND

Senator Lorraine R. Inouye, Chair Senator Gilbert S.C. Keith-Agaran, Vice Chair

NOTICE OF HEARING

DATE: Monday, March 15, 2021

TIME: 1:00 PM

PLACE: Conference Room 229 & Videoconference

TESTIMONY OF THE OCEAN TOURISM COALITION IN SUPPORT OF HB1019 HD2

Dear Chair Inouye and Vice Chair Keith-Agaran:

The Ocean Tourism Coalition ("OTC") represents over 300 ocean tour operators statewide. OTC has been working with the Division of Aquatic Resources ("DAR") on HB1019 HD2 (the "Bill") to ensure it will achieve its stated goals and objectives. Like many other tourism-based businesses, the ocean tourism industry was shut down for most of 2020, and is still severely restricted today. Many companies are operating at 50% capacity or less, and will not see revenues anywhere near pre-pandemic levels for many years to come. Despite these difficult circumstances, our operators hope that a \$1 per passenger fee beginning in 2024 will provide necessary funds to DAR to invest in the health of our marine ecosystems, and the installation, maintenance, and replacement of day-use mooring buoys and other infrastructure.

In addition, OTC hopes that by working with DAR on the Bill, we will foster in a new era of collaboration between the State and ocean tourism industry. Every year our operators faces numerous bills that could cause great harm and make it difficult for them to run their businesses. However, by working with DAR, we believe we can show that the industry and the state can work together to achieved shared goals.

Finally, OTC strongly hopes that our industry's initiative on this Bill will encourage other industries that have an impact on our State's marine waters to fund the protection of our ocean waters. It cannot be understated how great of an impact land-based activities have on our marine environment. Pollutants such as sediment, nutrients (from fertilizers), bacteria (from animal waste), toxic chemicals, oil, and trash all flow into the streams, rivers, and finally into the ocean. These pollutants, whether from golf courses, agricultural activities, or a myriad of other land-based activities, have a significant effect on the health of our reefs. The ocean tourism industry is willing to contribute funds to ensure that our marine environment is protected, however, we cannot carry this load ourselves forever.

Sincerely,

Denver Coon, Director, OTC



Mālama Pūpūkea-Waimea Post Office Box 188 Hale'iwa, HI 96712

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Federal Nonprofit Organization 501(c)(3) FEIN 27-0855937 www.pupukeawaimea.org info@pupukeawaimea.org



Late Testimony – In Support March 15, 2021

COMMITTEE ON WATER AND LAND
Re: HB 1019, HD2 RELATING TO OCEAN STEWARDSHIP
Hearing: Monday, March 15, 2021, 1:00 PM

Aloha Chair Inouye, Vice Chair Keith-Agaran, and Members of WTL:

Mālama Pūpūkea-Waimea (MPW) is a Hawai'i non-profit organization founded on the North Shore of O'ahu in 2005. Our mission is "working to replenish and sustain the natural and cultural resources of the Pūpūkea and Waimea ahupua'a for present and future generations through active community stewardship, education, and partnerships." Our stewardship and education efforts have focused on the Pūpūkea Marine Life Conservation District (MLCD), one of only three MLCDs on O'ahu.

We strongly support HB1019 HD2, which establishes the ocean stewardship special fund and ocean stewardship user fee for the collection and use of moneys for the conservation, restoration, and enhancement of the State's marine resources.

Through grants, donations, volunteer time, and sheer hard work for nearly two decades, our organization - like many others statewide - has **donated** the equivalent of **millions of dollars** worth of community stewardship support to protect the marine resources of the Pūpūkea MLCD. We support the State doing more to fulfill its **kuleana** as the primary public trustee of this resources. **This bill will help.** The community-DLNR partnership provides the best solution for the long-term protection, and abundance of, our ocean resources.

Especially now with decreasing budgets and inceasing demand for marine resources, **DLNR needs additional revenue sources dedicated to marine conservation**. User fees that directly connected to investment in the resources being used and enjoyed makes a lot of common sense, more supported by users, and much needed. This bill helps the State and all communities who are providing volunteer ocean stewardship key funding toward attainment of Hawai'i's important "30x30" goal.

Please support the bill and move it along! Mahalo nui and best regards,

Jewi Antaliki

Denise Antolini, President, MPW



HB-1019-HD-2

Submitted on: 3/15/2021 10:07:50 AM

Testimony for WTL on 3/15/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Shelby Serra	Testifying for Pacific Whale Foundation	Comments	No

Comments:

Testimony to the Hawaii State House Committee on Water & Land

March 15th, 2021

1:00 pm

Hawaii State Capitol – Conference room 229

RE: HB 1019, Relating to Ocean Stewardship

Aloha Chair Inouye, Vice-Chair Keith-Agaran, and members of the Committee,

Thank you for the opportunity to submit testimony on House Bill 1019.

My name is Shelby Serra and I am the Conservation Coordinator for Pacific Whale Foundation, based on the island of Maui. For the last 40 years, Pacific Whale Foundation's mission has been to protect the ocean through science and advocacy, and to inspire environmental stewardship. Our nonprofit work includes active research, education, and conservation projects here in Hawai'i and abroad in Australia and Ecuador.

On behalf of our nearly 20,000 supporting members, PWF would like to support the establishment of a new fund for use in marine resource protections.

The Hawaiian Island's near-shore habitat drives ocean-based tourism and supports extensive coral reef systems. These fragile ecosystems protect our coastlines and provide habitat to a wide variety of marine life; coral reefs harbor the highest concentration of marine biodiversity (1). The biodiversity of these habitats must remain intact as the need to increase our resilience to the threats of global climate change increases. In addition to the threat of climate change, we are seeing more frequent coral bleaching events, pollutant runoff, unsustainable fishing practices, and damage due to overuse.

Protecting and preserving these resources is critical for the survival of the humans, marine life, and businesses that depend on a healthy ocean ecosystem.

On all Hawaiian Islands, agricultural lands are changing due to residential and resort uses (2). Coastal Development can bring a suite of social and environmental consequences including degradation of coastal waters from cumulative increases in runoff and groundwater contamination (2). Development inevitably increases the amount of impervious surface and runoff, leading to choked out reef systems.

Over 80% of Hawai'i's tourists participate in some form of ocean recreation, and most, if not all, occurs around coral reefs (2). Many Hawaiian reefs are easily accessible to the human population as they are located within close proximity to resident and visitor concentration (3). Studies have shown that extensive damage to corals can occurs in shallow, calm water sites with high levels of human use. Trampling can occur in these shallow nearshore reef flats, which possess fragile and delicate coral species; continuous impact results in total mortality (3).

Pacific Whale Foundation believes the fee structure should include all kinds of nonresident users that either actively utilize Hawai'i's marine resources or contribute to their degradation through terrestrial activities. We propose accountability mechanisms that ensure the money is being spent on its intended purposes.

Thank you for the opportunity to testify on HB 1019.

References

- Carpenter, K.E., et. al., 2008: One-third of reef-building corals face elevated extinction risk from climate change and local impacts. Science, 321(5888), 560-563
- 2. A. Friedlander et al., in *The State of Coral Reef Ecosystems of the Main Hawaiian Islands*, J. Waddell, Ed. (NOAA Technical Memorandum NOS NCCOS, Silver Spring, MD, 2005) 11 pp. 222-269.
- 3. Rodgers, K. S., Cox, E., & Newtson, C. (2003). Effects of mechanical fracturing and experimental trampling on Hawaiian corals. Environmental Management, 31, 377e384.