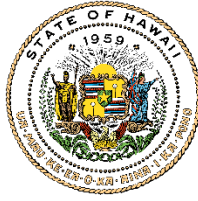


JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

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**

P.O. BOX 621
HONOLULU, HAWAII 96809

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

RYAN K.P. KANAKA'OLE
FIRST DEPUTY

CIARA W.K. KAHAHANE
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

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

**Before the House Committee on
FINANCE**

**Friday, March 28, 2025
3:30 PM**

State Capitol, Conference Room 308, Via Videoconference

**In consideration of
SENATE BILL 739, SENATE DRAFT 2, HOUSE DRAFT 1
RELATING TO LAND EXCHANGE**

Senate Bill 739, Senate Draft 2, House Draft 1 proposes to allow the Governor to negotiate land exchanges subject to approval by the Board of Land and Natural Resources (Board), to acquire lands suitable for long-term diversified agricultural production in exchange for land 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.**

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, the Department supports the intent of the bill, and appreciates the House Committee on Water & Land including the amendments requested by the Department in House Draft 1 of this measure. The Department believes that those amendments would protect the Board's constitutional and statutory authority as the steward of the public trust lands. The Department believes that the amendment declaring that state lands that are currently going through the development entitlement process and substantial state funds have been expended shall not be considered priority lands for land exchange ensures that those lands can be used for those designated public purposes.

The Department also believes that the amendments in House Draft 1 strengthens provisions in this bill to adequately protect the public interest regarding the alienation of important public lands in fee. While the measure provides that land exchanged by the State to a private party would be used for the development of affordable, workforce or other housing, it now includes mechanisms that obligate the private party to develop the former public lands consistent with that intent. In order to ensure that the public purpose of affordable, workforce and other housing development is fulfilled by the private party, House Draft 1 requires a covenant or reversionary interest in favor of the State as part of any exchange.

Finally, House Draft 1 also amends SECTION 2, subsection (a), of the bill to require approval from the Board for any land exchanges. 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. This amendment ensures that the Board retains its role in reviewing and approving land exchanges, pursuant to its fiduciary obligation to the public land trust.

Thank you for the opportunity to testify on this measure.

SB-739-HD-1

Submitted on: 3/27/2025 8:06:52 AM

Testimony for FIN on 3/28/2025 3:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Russell Tsuji	Department of Land and Natural Resources	Comments	Remotely Via Zoom

Comments:

DLNR testimony for SB739 SD2 HD1 was submitted on main account. Request for a Zoom link for additional staff to be backup at the hearing.

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

BEFORE THE HOUSE COMMITTEE ON FINANCE
March 28, 2025
3:30 p.m.
Conference Room 308 & Videoconference

SENATE BILL NO. 739 SD2 HD1
RELATING TO LAND EXCHANGE

Chairperson Yamashita, Vice Chair Takenouchi, and Members of the Committee:

Thank you for the opportunity to testify in **support** of Senate Bill No. 739 SD2 HD1, 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 SD2 HD1 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 SD2 HD1 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 SD2 HD1 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 SD2 HD1 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 SD2 HD1 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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March 28, 2025

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON SB 739, SD2, HD1
RELATING TO LAND EXCHANGE

Conference Room 308 & Videoconference
3:30 PM

Aloha Chair Yamashita, Vice-Chair Takenouchi, 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, SD2, HD1, which allows the Governor to negotiate land exchanges in consultation with the Board of Land and Natural Resources 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, SD2, HD1, 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.



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Maui

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North Shore, O'ahu

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Wai'anae, O'ahu

Ted Radovich
Waimānalo, O'ahu

Vincent Kimura
Honolulu, O'ahu

Natalie Urminska
Kaua'i

Aloha Chair Yamashita, Vice Chair Takenouchi, and Members of the House Finance Committee,

The Hawai'i Farmers Union is a 501(c)(5) agricultural advocacy nonprofit representing a network of over 2,500 family farmers and their supporters across the Hawaiian Islands. **HFU supports SB739.**

SB739 presents a promising opportunity to address two significant issues facing Hawaii: the need for long-term diversified agricultural production and the necessity of expanding affordable housing options. By enabling the Governor to negotiate land exchanges, this bill seeks to enhance agricultural development while simultaneously supporting the growth of private affordable housing. This balanced approach not only sustains local farming communities but also addresses the pressing issue of housing affordability, which is crucial for the wellbeing of our society.

For Hawaii's agricultural sector, the ability to secure lands specifically for diversified farming is essential. It ensures that local farmers have the resources and space needed for sustainable agricultural practices, contributing to food security, self-sufficiency, and the preservation of our agricultural heritage. By facilitating land exchanges, SB739 supports the utilization of land in a way that maximizes its potential benefits for the community. In tandem, the development of affordable housing on exchanged lands can alleviate the housing crisis, providing local residents with vital living opportunities. The bill, therefore, promotes a balanced approach to land use that prioritizes both agricultural and community needs, fostering a harmonious and sustainable future for Hawaii.

Mahalo for the opportunity to testify.

Hunter Heavilin
Advocacy Director
Hawai'i Farmers Union

SB-739-HD-1

Submitted on: 3/27/2025 7:27:43 AM

Testimony for FIN on 3/28/2025 3:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

Great idea to help sustainable local agriculture and housing in one bill. Mahalo!