

NEIL ABERCROMBIE
Governor



JAMES J. NAKATANI
Executive Director

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AGRIBUSINESS DEVELOPMENT CORPORATION

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TESTIMONY OF JAMES J. NAKATANI
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE SENATE COMMITTEE
ON WAYS AND MEANS

Thursday, April 04, 2013
9:50 a.m.
Conference Room 211

SENATE CONCURRENT RESOLUTION NO. 177 AND
SENATE RESOLUTION NO. 133
URGING THE STATE TO PURCHASE AGRICULTURAL LAND
FROM DOLE FOOD COMPANY, INC.

Chairperson Ige and Members of the Committee:

Thank you for the opportunity to testify on Senate Concurrent Resolution No. 177 and Senate Resolution No. 133. The purpose of these resolutions is to urge the State to purchase agricultural land from Dole Food Company, Inc. The Agribusiness Development Corporation (ADC) strongly supports both resolutions.

ADC was established by the legislature to identify mechanisms that could help our State quickly transition from plantation agriculture to smaller diversified agricultural operations. ADC's sole mission is to acquire, and manage in partnership with farmers, ranchers, and aquaculture groups, selected high-value lands, water systems, and infrastructure for commercial agricultural use and to direct research into

areas that will lead to the development of new crops, markets, and lower production costs.

Today, many of our local farmers are struggling to stay in business due to the high cost of fuel, the inability to access land, high overhead cost of operations, and the lack of available capital to improve and modernize their facilities. With the exception of a handful of farms, majority of the farmers across our state are operating without a long-term lease. The lack of a long-term lease means the farmer cannot obtain a loan to make the necessary improvements to expand their operations and comply with federal food safety standards. Since the recent acquisition of 1,723-acres formerly known as the Galbraith Estate, ADC has been overwhelmed by interested farmers and ranchers seeking land for agricultural operations.

As noted in the resolutions, Dole has listed for sale 123 parcels totaling 22,500-acres. The acquisition of these parcels will significantly increase the available agricultural land under the State's control and can offer many possibilities to enhance the economic viability of the agriculture industry.

Noting the very short time frame and a limited window of opportunity, ADC supports the purchase of the 123 Dole parcels while they are still available provided that it does not exceed the State's annual debt service limitations. Additionally, if these lands were transferred under ADC, the corporation could pay the bonds back from the revenues generated from tenants with current and potential leases.

Thank you for the opportunity to testify.

**THE TRUST FOR PUBLIC LAND'S TESTIMONY
IN SUPPORT OF SCR177/SR133 URGING THE STATE TO PURCHASE
AGRICULTURAL LAND FROM DOLE FOOD COMPANY, INC.**

Senate Committee on Ways & Means
Thursday, April 4, 2013, 9:50 a.m., Room 211

The Trust for Public Land strongly supports SCR 177 and SR 133 urging the State to Purchase Agricultural Land from Dole Food Company, Inc. (Dole), assuming such a sale is voluntary and not compelled. The State's purchase of over 20,000 acres of agricultural land from Dole will increase Hawai'i's food security, and jump-start existing efforts to provide farmers with greater access to land.

The Trust for Public Land is a national non-profit land conservation organization which has been doing business in Hawai'i since 1979. The Trust for Public Land's mission is conserve land for people. It has quietly conserved over 42,000 acres of land in Hawai'i in partnership with public agencies and non-profits. In Hawai'i, one of the Trust for Public Land's strategic goals is to conserve working lands that improve Hawai'i's self-sufficiency in food, energy, and water.

Numerous studies have identified access to land as a major barrier to increased food security and farming in Hawai'i. Farmers are unable to buy agricultural land in Hawai'i at true agricultural values because it is so expensive, carrying with it a speculative residential development value -- i.e., the possibility that the owners could change the land use classification and zoning from agriculture to urban, or subdivide the agricultural land into smaller residential "gentlemen's estates" where often, little or no real farming occurs.

Farmers are also unable to obtain long-term leases that would allow them to secure loans to invest in their business or purchase equipment. Large landowners generally do not provide long-term leases to farmers. Most large landowners prefer to keep their agricultural tenants on short-term leases so that they can terminate the leases on short notice if they choose to sell the land or develop it. As a result, farmers have no incentive to invest in their business and cannot obtain financing to do so since their leases and farming operations could be terminated with only 30-90 days of notice.

The Trust for Public Land has been attempting to overcome this barrier -- access to farm land -- in two ways: (1) assisting agencies and non-profits in buying agricultural land, and (2) placing permanent agricultural conservation easements on agricultural land that restrict the land to agricultural uses in perpetuity. For example, in December 2012, the Trust for Public Land purchased over 1,700 acres of agricultural land known as the Galbraith Estate, located in Central O'ahu, and transferred over 1,200 acres to the State of Hawai'i Agribusiness Development Corporation (ADC), and over 500 acres to the

Office of Hawaiian Affairs. The land is restricted to agricultural uses and both agencies aim to provide long-term leases to farmers. The Trust for Public Land is also currently assisting ADC in raising money for and purchasing 456-acres of agricultural land and agricultural processing facilities owned by Dole Food Company, Inc. in Whitmore Village located near the Galbraith Estate. In two separate transactions, we assisted MA‘O Organic Farm in Wai‘anae in purchasing 19 acres of farm land. We are also (in partnership with the North Shore Community Land Trust) currently working with the owners of the Turtle Bay Resort to purchase an agricultural conservation easement over 469 acres of agricultural land located across Kamehameha Highway (mauka) from the Resort.

Although the Trust for Public Land is able to accomplish a great deal with limited staff (two project staff in HI, one of whom is dedicated to native lands projects), and with existing funding sources like the Legacy Land Conservation Program, progress is very slow and the barrier of access to farm land remains high. If the State were able to tap general obligation bonds to purchase large agricultural land holdings like the Dole lands in voluntary transactions and provide farmers with long-term leases of that land, substantial progress could be made in increasing Hawai‘i’s food security.

Mahalo for this opportunity to testify -

A handwritten signature in cursive script that reads "Lea Hong". The signature is written in black ink and is positioned above the printed name and title.

Lea Hong
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