

**Pacheco, Crystallene K.**

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**From:** Anne Dericks  
**Sent:** Thursday, July 18, 2024 6:14 AM  
**To:** cohfinance  
**Subject:** Testimony for Draft Revision of Proposed Tax Rules Relating to Agricultural Land

Aloha,

I am writing in opposition of the Draft Revision of Proposed Tax Rules Relating to Agricultural Land. There are many issues, grey areas, with this document that opens the county to lawsuits due to discrimination/lack of clarity and they need to be amended before proceeding.

Including but not limited to the following:

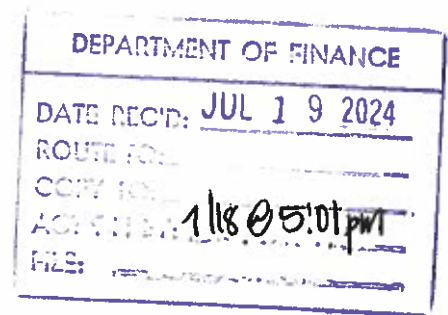
1. The bill does not mention Hawaiian people and their ability to practice agriculture and and sustainability as it aligns with their cultural practices. Where do they fit in? This is an opening for lawsuits.
2. The county already is understaffed and having difficulty filling job openings. Who is going to process these applications? How will they decide if one qualifies? How will the county support and assist landowners in navigating this process to promote successful applications?
3. Why does one need to have a business to qualify for this designation? There are many forms of agriculture that do not necessitate the need for an agricultural "business", ie homesteading and tending to sustainability is a valid agricultural practice. Many people already work day jobs and tend to agricultural pursuits after work hours. Many families contribute to sustainability by growing foods for their family and communities to reduce imports.

This document is discriminatory and lacks clarity and needs to be amended.

Why is the state wanting to reduce agriculture? The freedom to practice agriculture is what makes Hawai'i Island great.

Sincerely,  
Anne Dericks  
Hawai'i Island Resident

DEPARTMENT OF FINANCE	
DATE REC'D:	JUL 18 2024
ROUTE TO:	_____
CCY TO:	_____
AGY TO:	_____
FILE:	_____



To: Diane Nakagawa  
Director  
Department of Finance  
County of Hawaii

18 July 2024

From: Bronsten Kalei Kossow  
Resident  
Kailua-Kona, HI

Aloha Director Nakagawa,

Thank you Director Nakagawa for facilitating the public hearing. I write to you as a concerned individual and resident of Kailua-Kona over the new Real Property Tax changes for agriculture.

On September 20, 2019, the County of Hawaii Real Property Tax review working group and Agriculture committee issued its final report to the Hawaii County Council. The group's main focus was to review the extensive process to reform the County's current policy over the Real Property Tax (RPT) Agriculture Program. On its surface, outside of any discussion of rate or cost implications, the group provided guidance on the best structure to form policy relating to food sustainability and tax fairness. The eight member working group consisted of mostly large corporations and interests, such as Parker Ranch, Kamehameha School's, Shipman, two in Real Estate, one in planning, one small ranch representative, a resort representative, and a small business.

Whereas, the special committee reviewed the following (pg. 1)<sup>1</sup>:

- *Increase the fairness of the County's Real Property Tax Program*
- *Identify and incorporate best property tax administrative practices*
- *Propose additional tax programs as appropriate*
- *Identify public policy goals and incorporate them into the County's*
- *Real Property Tax Program*

Seemingly important that these RPT findings would provide the department with not only influence in maintaining the authority, but a driving factor with assurances that loopholes are closed for those who own property that do not contribute to the community food system. This is where large corporate entities who own zoned agriculture land find substantial tax relief.

*"4. Procedural change to Real Property Tax classification. Three meetings were held regarding discussion of what would be the most fair and equitable way to tax these parcels as the underlying zoning is agricultural which included reviewing properties up to five acres in size. The recommendation to the Real Property Tax Division is all properties less than one acre in size*

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<sup>1</sup> FINAL REPORT TO HAWAII COUNTY COUNCIL FROM THE REAL PROPERTY TAX REVIEW WORKING GROUP AND AGRICULTURAL COMMITTEE September 20, 2019

*which are not part of an agricultural use or dedicated agricultural use program should be taxed at the residential class tax rate to be consistent with the County Code island-wide (pg. 3)."*

While the report indicated that its findings would remain minimal impact, RPT and the committee expected a tax increase of \$1.3 million with the classification changes according to the 2019 results. "According to the 2019 study, 19,604 parcels will experience a tax class change. Over 6,600 will experience an increase in taxes (pg. 3)."

Additionally, the committee found that the important aspect is revising the Non-Dedicated Agricultural program. Which includes short-term and long term dedicated agricultural plans, ensure a farm plan is submitted, and where property will be assessed by Fair Market Value (pg. 8).

In July 2023, the County Council had passed these amendments to the Hawaii County Code to be effective by September 2024 (Bill 44, 57, and 58 under the 2022 - 2024 Hawaii County Council). These amendments would utilize the committee's findings and implement them to provide clear structure and close the agricultural RPT loopholes, with absolute success and with minimal opposition.

These new proposals will implement a three-tiered system varying based on the identity of how one's property might see a change (pg. 7). Based on the breakdown provided by RPT – which will implement rate changes – a grazing land that was paying \$400 may end up paying \$4000, depending on the tax designation. These proposed changes could vary based on the impact and substantially hurt local agricultural production, not support it. In addition it will impact both Native Hawaiian and long-time kama'aina agriculture land owners, this seems as if the goal is to subject all ownerships into broad categories in order to identify who has been skirting around the current law.

However, it will subject both Native and Kama'aina alike to the rules and conformity of large corporations and landowners who can afford to pay these increases. I recommend that the proposed structure be pushed back from implementation for another 10-years, and place such a proposal on properties that have large production and income, outside the boundaries of non-residents, due to the challenge of the Privilege and Immunity Clause of the Constitution.

Mahalo Nui Loa for the opportunity to provide written testimony,

Bronsten Kossow  
Resident, Kailua-Kona

**Pacheco, Crystallene K.**

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**From:** Candice Tan  
**Sent:** Wednesday, July 17, 2024 6:03 PM  
**To:** cohfinance  
**Cc:** Kimball, Heather  
**Subject:** Testimony for RPT Hearing

1. Please consider lowering the minimum size for pasture land to 5 acres to include smaller farms and ranches which are valuable contributors to the community.
2. Properties that have been in the non-dedicated ag program for several (8-10) years definitely deserve to be grandfathered in to either a 3 or a 10 year program, their choice. That would save wear and tear on quite a few folks.
3. If this whole change was instigated by a small number of "cheaters," it is only fair to make it a little easier on the honest folks by having a template to fill out, more community meetings, and assistance for those who need help applying.

Candice Tan

DEPARTMENT OF FINANCE	
DATE REC'D:	JUL 18 2024
ROUTE:	
CCP TO:	
ACF ENCL:	
FILE:	

DATE RECD: JUL 12 2024

ROUTE: \_\_\_\_\_

COMM: \_\_\_\_\_

ACT: \_\_\_\_\_

FILE: \_\_\_\_\_

**Pacheco, Crystallene K.**

**From:** Diane and Fred Holschuh  
**Sent:** Friday, July 12, 2024 1:31 PM  
**To:** cohfinance  
**Subject:** Testimony in Opposition to the Proposed Changes to the Real Property Tax

To: Finance Director

From: Diane (Miyose) Holschuh

Thank you for allowing me this opportunity to express my strong opposition to the proposed changes to the real property tax requirements for landowners who currently are participating in the nondedicated ag. program. Your changes and requirements are onerous for the local farmers and ranchers whose parcels are less than 10 acres and the minimum of \$2,000.00 in revenue per year is difficult to meet. Although you may have made these changes to prevent wealthy landowners from taking advantage of the farm dedication programs, you've created some unintended circumstances here where you are making it difficult or impossible for the local landowners to retain their lands. Many of these lands have been passed down to us for generations and it is our desire to continue this legacy with our grandchildren. Your changes do not provide us with enough options to afford retaining our lands. Ultimately, the irony is that the only people who will be able to afford these lands are the wealthy landowners whom you were trying to discourage from taking advantage of the farm dedication programs in the first place! Please reconsider the changes you are making with the plight of the local landowners in mind.

Respectfully submitted,  
Diane (Miyose) Holschuh

DATE REC'D: JUL 17 2024

ROUTE TO: \_\_\_\_\_

COPY TO: \_\_\_\_\_

ACQ. NO. \_\_\_\_\_

FILE: \_\_\_\_\_

**Pacheco, Crystallene K.**

**From:** sharkgss  
**Sent:** Wednesday, July 17, 2024 3:58 PM  
**To:** cohfinance  
**Subject:** Draft Revision of Proposed Tax Rules Relating to Agricultural Land

Aloha,

Currently 80% of Hawaii county is zoned agricultural and there are many residents affected by these tax code changes. Many of us have day jobs, but still conduct several forms of agriculture on a daily basis for self consumption which is a popular form of sustainability to reduce import on goods with the goal of a healthier lifestyle. The goal is for Hawaii is to be food and energy sustainable by 2030's; this proposal may have the opposite effect due to the extensive paperwork, approval process, government oversight, infringement of privacy, and bureaucracy involved.

The proposed tax code changes are confusing, ill explained and fall short in several areas. There is too much grey area and the document needs considerable re-vamping so that application process is non discriminatory and simplified.

Below are just a few questions that need addressing:

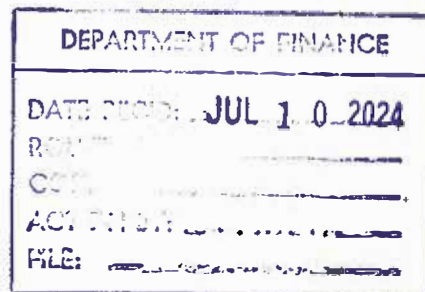
1. The document states that not all applications will be approved. Why does one have to have a "business" to qualify for a viable application and who is the county to decide if that business qualifies? The public needs access to various "approved" farm plan templates.
2. The county offices are already short staffed; who will approve/disapprove and inspect all of these applications and make judgement on the viability of a business? What are their qualifications and who will oversee this? **A disapproval can be interpreted as discriminatory and opens up the county to a Federal lawsuit.**
3. What about families that grow their own food and raise livestock for meat and milk for self consumption without a business? Is there any benefit to them to carry on this practice? What is considered market value if one does not submit a plan? How is per acre land value being decided from one lot to the next?
4. What if one has already spent tens of thousands of dollars in years past for farm related equipment, procuring livestock, and fencing? Asking for 10K in receipts for the last 2 years is very unrealistic when those large investments have already been made years past.
5. How will personal tax information submitted be safe guarded in government cloud storage?
6. The IRS will allow one to take a loss for so many years after which time you are not required to file for farm losses as part of personal income tax? Do these people have to start a new business to qualify for this lower tax rate?
7. What about those farmers that barter for goods and don't make documented income? Is the county trying to discourage a sustainable community level practice?
8. What about herbs grown that are used in medicinal and beauty products? How does the county assess income from a business that contains "some" farming but included other industry?
9. What about horses? They have been part of Hawaiian culture and agriculture for ranching to move cattle and serve as a "low carbon" option as opposed to gas powered ATVs.
10. Anyone in farming knows there is variable income and loses from year to year based on weather and pests. How will this handled?
11. The rollback taxes are not adequately explained.
12. GE tax is based on gross income, but does not take into account losses which are common and extensive in farming. It is unacceptable to expect one to pay tax on gross income without any deductions that are a part of operation, especially when there is no profit. In most instances GE taxes have already been satisfied at least once in the purchase of goods and materials to conduct farming.

It is clear whomever wrote the draft has little to no understanding of the day to day practices of farming. Agriculture is a very broad practice that bleeds into most all industry that cannot be easily defined in couple of categories. The 2045 county plan insinuated that agriculture would be reduced by 40% and it seems that was written by "stakeholders" since this draft clearly is trying to make family farming and self sustainability a difficult practice. If one is not operating a farm business for profit, but are **contributing to a solution of food independence by reducing imports, why are they not given ANY consideration?**

Please consider a revision to this logistical nightmare with simplification of the process that it is non discriminatory.

Mahalo,  
Donna Thompson

Sent with Proton Mail secure email.



Honolulu, HI 96817  
July 5, 2024

CERTIFIED MAIL # 7020 0640 0002 0821 1494

County of Hawaii  
Director of Finance Office in Hilo  
25 Aupuni Street, Suite 2103  
Hilo, Hawaii 96720

Re: Written testimony submitted in advance of July 18, 2024 public hearing

This is my written testimony in strong opposition to the proposed rules and regulations and their enabling County Council legislation, concerning the public hearing notice that I received on June 18, 2024, which affects TMK #s: 6-4-030-012 and 6-4-030-013.

I am a fourth-generation resident of the State of Hawaii who resides in Honolulu; and both my deceased parents were born and raised on the Big Island. My family acquired the properties, which are the subject of your notice, in 1943. Since then, those so-called "important agricultural lands" have regularly and continuously been used for grazing of cattle. There are no farm dwelling or other structures on the land besides fences.

Despite my efforts over the span of many years now to heighten the agricultural use of my Waimea property, from grazing to high-level diversified agriculture, my land has been relegated to its lowest use, predominantly because of local governmental roadblocks. Years ago, my application for irrigation water was summarily rejected by the State Department of Agriculture (without any intelligible reasons for the refusal). Perhaps, it was retaliation for two lawsuits brought by me against the State of Hawaii over my trust's property rights in the land. Also, the State's and County's designations of the land as being "important agricultural lands" and the like never involved my participation or input.

My point is that from 1943, my trust lands have always been used for the lowest agricultural use of grazing (through no fault of mine) and those lands have always been taxed for real property tax purposes based on its actual agricultural use, instead of a speculative market value approach. To now impose a Hobson's choice on small landowners like myself is plainly confiscatory. That is, if the proposed rules are adopted to implement the complained-of legislation, I am essentially forced either to dedicate my lands and thereby forfeit valuable property rights (without just compensation), or suffer an exorbitant increase in property taxes based on your so-called market value approach. That is not a real or fair choice. Ironically, if the County proceeds with its harebrained scheme of taxation, only the wealthy will be able to enjoy their full property rights and protect themselves. Therefore, if your new market value approach is implemented, in my particular situation the County's actions would amount to an unjust "taking" without adequate compensation being paid, in violation of the federal and State Constitutions.

County of Hawaii Director of Finance Office (Hilo)  
July 5, 2024  
Page two

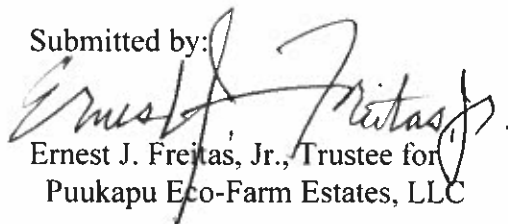
Moreover, to impose a minimum 5-year agricultural lease to-be-recorded requirement, as well as a minimum annual revenue threshold of at least \$2,000 per annum requirement, on little guys like me in our particular situations, are arbitrary, capricious, and unreasonable on the part of the County. Actually, your proposed revenue requirement is going to primarily hurt my month-to-month tenant, whose exemplary agricultural activities on my land have and do substantially and directly benefit the community (multiplier effect). Specifically, my tenant is now going to have to pay 133% more in rent (than he has had to pay for approximately 5 years), thanks to this land use scheme of yours.

The County's actions and approach in this matter defeat the policy objectives and violates the letter and intent of Hawaii Revised Statute Section 205-46 . If the County Council had wanted to curtail the abuses of preferential agricultural use valuation, it could have done so without abolishing the common sense and fair approach using actual agricultural use as the basis for valuation, which has been in practice since my family acquired the property, eighty years ago. As far as my trust lands are concerned , the County's newly-enacted land use scheme contradicts the intent, protections and promotion of important agricultural lands under State law.

Furthermore, your proposed Rule 34 is unreasonable and arbitrary as it might apply to me, as having previously made non-dedicated agricultural use commitments. If your proposed Rule 34 - June 30, 2028 NDA sunset provision - was intended to be a "safe harbor" of sorts for NDA landowners like myself, it fooled me. If qualified under that sunset provision of yours, the taxable amount would be at least twice the amount of a comparable preferential agricultural use amount; isn't that proposition correct? Again, your proposed rule is arbitrary and capricious, and unfairly penalizes years of qualifying agricultural use albeit non-dedicated. As presently drafted, I believe your proposed rules are ambiguous; furthermore, I humbly believe the County's new standards that penalize small landowners like me are UN-AMERICAN.

Repent and don't hurt the little guy needlessly. Now I know what tyranny by local government means.

Submitted by:



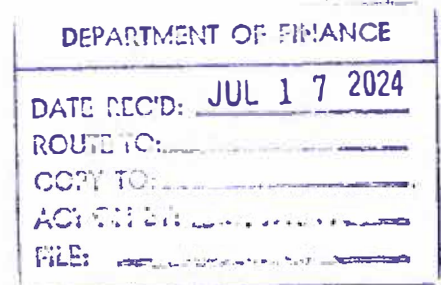
Ernest J. Freitas, Jr., Trustee for  
Puukapu Eco-Farm Estates, LLC

**Pacheco, Crystallene K.**

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**From:** Ernest Freitas  
**Sent:** Wednesday, July 17, 2024 4:27 PM  
**To:** cohfinance  
**Subject:** Written testimony submitted in advance of July 18, 2024 public hearing; copy of certified mail sent on July 8, 2024

County of Hawaii  
Director of Finance Office in Hilo  
25 Aupuni Street, Suite 2103  
Hilo, Hawaii 96720



This is my written testimony in strong opposition to the proposed rules and regulations and their enabling County Council legislation, concerning the public hearing notice that I received on June 18, 2024, which affects TMK #s: 6-4-030-012 and 6-4-030-013.

I am a fourth-generation resident of the State of Hawaii who resides in Honolulu; and both my deceased parents were born and raised on the Big Island. My family acquired the properties, which are the subject of your notice, in 1943. Since then, those so-called "important agricultural lands" have regularly and continuously been used for grazing of cattle. There are no farm dwelling or other structures on the land besides fences.

Despite my efforts over the span of many years now to heighten the agricultural use of my Waimea property, from grazing to high-level diversified agriculture, my land has been relegated to its lowest use, predominantly because of local governmental roadblocks. Years ago, my application for irrigation water was summarily rejected by the State Department of Agriculture (without any intelligible reasons for the refusal). Perhaps, it was retaliation for two lawsuits brought by me against the State of Hawaii over my trust's property rights in the land. Also, the State's and County's designations of the land as being "important agricultural lands" and the like never involved my participation or input.

My point is that from 1943, my trust lands have always been used for the lowest agricultural use of grazing (through no fault of mine) and those lands have always been taxed for real property tax purposes based on its actual agricultural use, instead of a speculative market value approach. To now impose a Hobson's choice on small landowners like myself is plainly confiscatory. That is, if the proposed rules are adopted to implement the complained-of legislation, I am essentially forced either to dedicate my lands and thereby forfeit valuable property rights (without just compensation), or suffer an exorbitant increase in property taxes based on your so-called market value approach. That is not a real or fair choice. Ironically, if the County proceeds with its harebrained scheme of taxation, only the wealthy will be able to enjoy their full property rights and protect themselves. Therefore, if your new market value approach is implemented, in my particular situation the County's actions would amount to an unjust "taking" without adequate compensation being paid, in violation of the federal and State Constitutions.

Moreover, to impose a minimum 5-year agricultural lease to-be-recorded requirement, as well as a minimum annual revenue threshold of at least \$2,000 per annum requirement, on little guys like me in our particular situations, are arbitrary, capricious, and unreasonable on the part of the County. Actually, your proposed revenue requirement is going to primarily hurt my month-to-month tenant, whose exemplary agricultural activities on my land have and do substantially and directly benefit the community (multiplier effect). Specifically, my tenant is now going to have to pay 133% more in rent (than he has had to pay for approximately 5 years), thanks to this land use scheme of yours.

The County's actions and approach in this matter defeat the policy objectives and violates the letter and intent of Hawaii Revised Statute Section 205-46 . If the County Council had wanted to curtail the abuses of preferential agricultural use valuation, it could have done so without abolishing the common sense and fair approach using actual

agricultural use as the basis for valuation, which has been in practice since my family acquired the property, eighty years ago. As far as my trust lands are concerned , the County's newly-enacted land use scheme contradicts the intent, protections and promotion of important agricultural lands under State law.

Furthermore, your proposed Rule 34 is unreasonable and arbitrary as it might apply to me, as having previously made non-dedicated agricultural use commitments. If your proposed Rule 34 - June 30, 2028 NDA sunset provision - was intended to be a "safe harbor" of sorts for NDA landowners like myself, it fooled me. If qualified under that sunset provision of yours, the taxable amount would be at least twice the amount of a comparable preferential agricultural use amount; isn't that proposition correct? Again, your proposed rule is arbitrary and capricious, and unfairly penalizes years of qualifying agricultural use albeit non-dedicated. As presently drafted, I believe your proposed rules are ambiguous; furthermore, I humbly believe the County's new standards that penalize small landowners like me are UN-AMERICAN.

Repent and don't hurt the little guy needlessly. Now I know what tyranny by local government means.

Submitted by:

/s/

Ernest J. Freitas, Jr., Trustee for  
Puukapu Eco-Farm Estates, LLC

**Pacheco, Crystallene K.**

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**From:** ric wirick  
**Sent:** Wednesday, July 17, 2024 11:59 AM  
**To:** cohfinance  
**Subject:** Re: Written testimony regarding the proposed County of Hawaii AG programs

Sincerely,  
Frederic Wirick/ Sharon Walker  
TMK: 160051350000

On Wed, Jul 17, 2024 at 11:52 AM ric wirick wrote:  
Finance Department  
Attention: Dianne Nakagawa, Director  
Written testimony concerning the proposed County of Hawaii AG programs

To whom it concerns,

The NDA program has treated us all equally with the AG property tax deduction. The new County Ag program segregates and discriminates. It not only eliminates reductions for "subsistence farmers" and others — but threatens to increase our property taxes up to 10-times what they are today.

Whereas — both the State and Federal government are promoting "subsistence farming" -- food security and sustainability — by providing incentives.

For those of us that live and work small subsistence farms in Hawaii County, Puna District 5. This NDA property tax reduction has allowed us to put more of our limited income into fencing (to protect crops and trees from wild/ feral pigs), installation rainwater catchment (for watering crops when needed), installation of temporary structures including a greenhouse, cold frames and chicken coop, annual purchase soil amendments (because soil is very limited in Puna District), and the purchase of seeds, plants, trees and chicken feed.

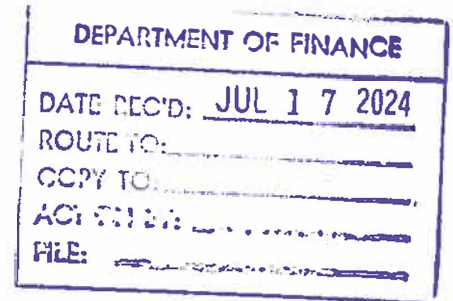
Now — is the time for the Hawaii County Council and the Mayor to take notice of what both the State and Federal governments are doing to promote subsistence farming — food security and sustainability. And to vote to rescind the new County Ag programs and restore the NDA program — and expand its outreach to subsistence farmers island-wide.

Sincerely,  
Frederic Wirick

DEPARTMENT OF FINANCE
DATE REC'D: JUL 17 2024
ROUTE TO: _____
COPY TO: _____
ACCOMPLISHED: _____
FILER: _____

**Pacheco, Crystallene K.**

**From:** George Magoon  
**Sent:** Wednesday, July 17, 2024 11:51 AM  
**To:** cohfinance  
**Subject:** Testimony against Hawaii County tax increases



To whom it may concern.

Re: I am writing to provide input and testimony regarding the land tax changes to the Agriculture use in Hawaii County.

I would like to express that for every action, there is a reaction for the changes that you make especially when it adds an additional tax burden on privately held lands. There are many people that are living on the ag lands that are on the poverty level and using their land to survive on. They do not have the ability to pay the going tax rate based on some rich out of state purchaser willing to buy the adjacent lands at the latest market rate. This is very unfair to the local community. This push for acquiring more tax revenue will add to the homeless situation which is already on an epidemic level or force others to sell their land that should not have to. Some of these reactions are not a benefit, rather it is a detriment for the welfare of this community as a whole.

There are also some unreasonable expectations that the ag department has for example the number of animals that an acre of land can support or for the other types of uses as well. Some of the smaller farms can not survive with this additional tax burden and meet those expectations, they will also be forced to sell their lands. Very few operations are successful on a level that can support a high level of the expected production. Many farms will not be able to meet that level of expectation then have to pay their property tax based on the market rate from the latest sale. This is unfair to the existing tax payers. Please do not do this.

Maybe instead of raising the tax rate, the tax department should keep the tax rate the same and help to provide other resources for small farmers to sell their goods, provide outlets for sales and help them to thrive instead of being additionally burdened. Maybe provide a slaughter house or help to open up markets directly to Oahu. This could help the small farmer, not add an additional tax burden!

Additionally, This tax proposal will not help to protect the ag lands, just the opposite, it will eliminate that use requirement on all ag lands turning every small ag lot into a residential or urban type of use. There may be other reactions, such as the loss of the existing uses and they will lay unproductive. A lot of these lands will end up as a big yard and have no other use at all. Is this just a push to transform smaller ag lots into an urban use?

These kinds of increases will have reactions and will only hinder the ability for local people to keep and live on their lands. It will add a burden to the community instead of benefiting those with high enough incomes to pay for the tax. Instead of requiring local people to pay a tax rate based on the latest market sale, how about keeping our tax rate set when we purchased our land until we have to sell it, This would help to keep Hawaiian people on Hawaiian land.

Thank You for reading!

Respectfully submitted,  
7-17-2024

George "Keoki" Magoon



Hilo County Farm Bureau  
P.O. Box 223 Kea'au Hawaii 96749

DEPARTMENT OF FINANCE
DATE REC'D: JUL 17 2024
ROUTE TO: _____
COPY TO: _____
ACT. NUMBER: _____
FILE: _____

July 17, 2024

County of Hawai'i  
Department of Finance - Real Property Tax  
Aupuni Center  
101 Pauahi Street Suite No. 4  
Hilo, Hawai'i 96720-4224

*Regarding Hilo County Farm Bureau Comments on the Proposed Rules and Regulation for Dedicated Uses for Agricultural Lands and Property Taxes*

Director Nakagawa,

Thank you for the opportunity to submit testimony to provide comments on the proposed changes to the Finance Director Rules and Regulations pertaining to Real Property Tax regarding Non Dedicated Agricultural Use and Long Term Dedicated Commercial Agricultural Use. Hilo County Farm Bureau is one of five local chapters of Hawaii Farm Bureau on Hawaii Island which represent over 250 family farms, ranches, and agricultural professionals.

Hilo County Farm Bureau agrees with the Department that there is opportunity to consider reforms to the agricultural property tax code; however, the proposed changes may have the opposite intended effect of supporting a viable agricultural sector and community-based food system. It might be the case that the proposed rule changes make it more challenging for farmers to operate while marginalizing tens of thousands of community members who reside on agriculturally zoned parcels in rural areas.

Our Board of Directors offers the following information and comments for consideration by the Director as the new Rules and Regulations are further revised.

### **PROFILE OF HAWAII COUNTY FARMERS**

According to the 2022 Census of Agriculture for Hawaii County, there are 6,535 total producers in the County. The farms in our County are by and large small family farms and microenterprises, with 59% of farms generating less than \$10,000 per year in annual sales. Just one-third of all farms hire farm laborers to assist on the farm, while the rest self-perform farming duties with the help of their families.



Hilo County Farm Bureau  
P.O. Box 223 Kea'au Hawaii 96749

Agricultural producers struggle to make ends meet, with half of all farmers working away from the farm as their primary occupation to earn income. Farming is a difficult livelihood, especially for younger farmers. This is evident in the fact that more than 80% of Hawai'i County's farmers are 45 years of age and older, **with nearly half of all farmers over the age of 65.**

This data shows that the majority of commercially viable farm operations are operated by kupuna, and that the future of agriculture in our County hinges on the ability of the County to support farm succession and the growth of the next several generations of farmers. Additionally, local farms increasingly struggle to overcome the persistent economic challenges made worse by Hawaii's high cost of land, energy, inputs, labor, and taxes. **Agricultural property tax policies directly affect farmers' livelihoods and should support, not hinder, the growth of commercial agricultural enterprises.**

#### **ALIGNMENT OF PROPOSED RULES WITH THE DRAFT OBJECTIVES AND STRATEGIES FOR COUNTY'S GENERAL PLAN 2045**

The County of Hawai'i is currently in the process of approving the General Plan 2045, the draft of which states that one of the County's goals for agriculture is to achieve "a robust, diversified sector that emphasizes food security and includes a broad range of agricultural-based businesses and agricultural tourism." The vision for the County under the Draft General Plan 2045 is "Our economy is diverse, regenerative, and innovative, such that our residents are economically self-sufficient with a focus to increase local economic opportunities."

#### **The Draft General Plan notes the following Economic Challenges facing Agriculture and Food Systems:**

1. The limited availability of land, water, transportation, housing, and labor, along with costly operations and maintenance contribute to high agricultural costs.
2. Minimal and expensive farmworker housing, along with narrow profit margins and high entry costs, negatively impacts the agricultural industry's ability to attract and retain labor.
3. Inadequate infrastructure availability for agriculture operations can limit production. For example, there is a lack of facilities and resources to process value-added products.
4. There is a lack of capacity and access to training, skillset, and network building to scale up small agricultural businesses to handle their administrative needs.
5. Limited access to financing and capital.
6. Some regulations can limit opportunities for the agriculture and the local food system.



Hilo County Farm Bureau  
P.O. Box 223 Kea'au Hawaii 96749

**In contrast to the objectives of the Draft General Plan 2045, the proposed changes to the agricultural property tax rules may in fact increase the Economic Challenges local farmers face, potentially driving aging farmers into retirement or out of business while discouraging the next generation to enter into farming as a livelihood.**

The Draft General Plan 2045 also includes a vision to ensure our natural and cultural resources are managed, preserved and restored to maintain our unique and diverse environment. **The proposed rule changes appear to neglect the economic, social, and ecological value of biocultural stewardship as it relates to agricultural lands.** There are many beneficial ecosystem services performed on agricultural lands, regardless of the type of cultivation being performed or the commercial viability of the property owner's activities. Examples of benefits include the preservation and increase of biodiversity and resilience of native habitats, and improvement in the health of the watersheds by improving water quality and reducing storm runoff. Agricultural lands also maintain the historical integrity, character, scenic assets, and open spaces of our communities regardless of the scale or scope of agriculture being practiced on those lands.

**The proposed rule changes may not allow for participation of the diverse set of agricultural land owners in the County and may have an adverse effect on property owners engaged in beneficial biocultural stewardship on agricultural lands.** Biocultural stewardship is practiced through the appropriate management and caretaking of agricultural lands by diverse stakeholders, including commercial farmers, ranchers, foresters, nurserymen, homesteaders, kupuna, cultural practitioners, youth, maka'ainana, and others.

#### **COMMENTS ON THE PROPOSED DRAFT RULES AND REGULATIONS**

The Hilo County Board of Directors has reviewed the proposed draft Rules and Regulations and shares the following comments and concerns:

1. It is public knowledge that the County of Hawaii Department of Finance Real Property Tax Office has largely underperformed in its duty to implement and enforce Rules 31-34 prior to their repeal. The prior rules totaled 32 pages and offered a simple two-class system that provided for the needs of Hawai'i's farmers engaged in diversified agricultural production, including food, fiber, feed, foliage, seed, germplasm, and more. **The Department has not provided sufficient evidence that it will be able to implement and enforce the new proposed rules, which totals**



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**39 pages and prescribe a three-class system, the implementation of which will objectively be more complex and require more resources than the prior rules.**

**2. The proposed language broadly expands the powers of the Real Property Tax Office. Many of the responsibilities and authority conferred to the Director of Finance under the previous rules are transferred to the Real Property Tax Office under the new proposed rules, such as the duties to perform Findings of Facts and the authority to administer the violations process. The Department should provide clear justification for the transfer of authority from the Director to the Real Property Tax Office.**

**3. The proposed rule changes contain language that reduces property owners' access to due process in the event a property owner receives a violation notice from the Real Property Tax Office. The proposed new language eliminates property owners' access to discussion with the Director of Finance and eliminates the opportunity to participate in a formal conference. The proposed rules transfer the Director's authority to the Real Property Tax Office:**

*Under the prior rules, each owner "shall be afforded an opportunity to discuss the violation with the Director and will be allowed a conference prior to final cancellation of the dedication. In the absence of any justifiable excuse, the Director shall cancel the dedication and subject the property to retroactive assessment." [emphasis added]*

*Under the proposed rules, each owner "shall be afforded an opportunity to discuss the violation informally with the real property tax office. In the absence of any appropriate justification, the real property tax office shall cancel the agricultural use assessment and subject the lands to retroactive assessments and penalties." [emphasis added]*

**4. The proposed rule changes introduce prohibitive language pertaining to the growth of noxious weeds on lands enrolled in the agricultural dedication and community food sustainability use programs. This language pertains to matters beyond the jurisdiction of the Real Property Tax Office, and the Department has provided no evidence it has the capacity to enforce such a prohibition.**

#### **COMMENTS REGARDING RULE 31A RULES AND REGULATIONS RELATING TO LONG-TERM COMMERCIAL AGRICULTURAL USE DEDICATION**

**1. Hilo Farm County Bureau shares the following concerns regarding definitions of terms in the proposed Rule 31A:**



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- A. *"Commercially viable agricultural operation" shall mean an agricultural business or service with the ability to compete effectively and to make a profit, either without subsidies or with reliable, long-term subsidies as demonstrated by an analysis of comparable practices within the area of operation under comparable conditions. [emphasis added]*

**The Department has not demonstrated it possesses the subject matter expertise in relevant disciplines of agronomics, economics, and related fields to perform an accurate and reliable assessment of a commercially viable agricultural operation. Further, this definition is problematic because it is non-technical, subjective, and defined in relation to the context in which the assessment is being made. Additionally, the term "viable" never appeared under the prior rules that were repealed.**

- B. *"Commercial agricultural activities" shall mean farm operations, that may include multiple parcels that need not be contiguous, that generate income, monetary gain, or economic benefit in the form of money or money's worth of a minimum \$2,000 annual gross income per farm operation or adhere to generally accepted standards or recognized practices within that agricultural industry. [emphasis added]*

**The Department has not demonstrated it possesses the subject matter expertise in relevant disciplines to perform an accurate and reliable assessment of this type. This definition is problematic because it is non-technical, subjective, and contradictory in essence. Business income and profit in the form of cash cannot be conflated with the concept of economic value creation. For this reason, the definitions of "commercially viable agricultural operation" and "commercial agricultural activities" are in conflict. The Department should clarify the process by which the Department will determine the economic value of "a money's worth of a minimum of \$2,000 annual gross income per farm." For example, if a homesteader produces 2,000 lbs of food for their household per year, isn't that more than "\$2,000 money's worth" if that homesteader had to purchase that same produce at a retail grocery store where fresh produce prices are \$2-3/lb? Will the Department consider the economic value of intrinsic ecosystem services such as habitat preservation for native species and pollinations, carbon sequestration, air quality, and watershed benefits in its calculus for determining if a property owner is engaged in commercial agriculture activities? These are examples that illustrate why the current definition is problematic and needs revision.**



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C. *"Diversified agriculture" means a blend of intensive agriculture and orchards while transitioning from one category to the other during the term of the dedication.* [emphasis added]

This definition is inaccurate, vague, and inequitable for farmers engaged in diversified agriculture. The Department should use terms more specific than "blend" to define diversified agriculture and refer to technical terms defined by the USDA Economic Research Service and other authorities. The term's definition also excludes significant production systems used by local farmers such as agroforestry and silvopasture. **By limiting farmers to this definition only "while transitioning" between agricultural categories, the Department is preventing farmers who operate diversified farms from being properly classified under the agricultural dedication use program.**

D. *"Farm plan" means an agricultural business plan, in a form prescribed by the director, that describes the agricultural practices of a commercially viable agricultural operation, all relevant tax map key numbers, and a financial projection.* [emphasis added]

This definition is vague and may create barriers to participation for property owners in the agricultural dedication use programs. First, a written farm plan does not mean the farm plan is actually being implemented. **This requirement adds a burden to farmers to produce a written farm plan in the English language using a form prescribed by the Director and not yet defined for public comment.** Farmers whose first language is not English, farmers without access to the Internet or computer technology, and farmers who do not possess the technical and computer skills to produce a financial projection to the standard required by the Director will struggle to meet this requirement. **The Department should clarify if technical assistance will be provided to support farmers in preparing a farm plan.**

**2. Regarding Rule 31A.3, the Department should clarify the methodology or rationale for selection of the requirements for a complete application, as many of the criteria appear arbitrary, biased, and misinformed. The Department should consider input from subject matter experts and industry stakeholders regarding appropriate requirements and content for an application for dedicated use.**



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It is clear that certain profiles of agricultural operations are favored in the criteria while others are marginalized. Not all farms are required to hold FSMA certification; not all farms qualify for participation in USDA NRCS programs; not all farms are Certified Organic; not all farms maintain a farm plan (the form of which the Department has not yet specified); and nearly all farms in Hawaii do not have agricultural conservation easements. The requirement to furnish "receipts demonstrating an investment of a minimum of \$10,000 in farm equipment, fertilizers, or soil amendments for use on the subject property within the previous two years of the application for dedication" is **unnecessarily restrictive and caters to certain types of agriculture. This language also privileges farmers with access to capital and systematically disadvantages low-income farmers.** The language completely disregards the range of expenses farmers incur in the course of commercial operations, such as payroll, insurance, seed, consumable supplies, packaging materials, and transportation fuel that should be acceptable as evidence.

**3. Regarding Rule 31A.3, the Department should clarify the methodology or rationale for requiring producers to demonstrate a minimum of \$2,000 in annual gross income.** The USDA Economic Research Service's definition of a farm is "any place from which \$1,000 or more of agricultural products were produced and sold, or normally would have been sold, during the year." The Department's definition is not consistent with the USDA definition.

**4. The Department has not provided sufficient explanation or justification for the methodology used to determine that only five general agricultural categories shall be eligible and considered for dedication of land for long-term commercial agriculture use.** The general categories are in fact specific and prescriptive, while precluding and misclassifying certain types of agriculture. For example, intensive rotational grazing is a ranching practice that is a form of intensive agriculture. The proposed rules do not mention diversified agroforestry and traditional native Hawaiian cropping systems which are growing in popularity among commercial farmers and integrate one or more of the five general agricultural categories. The proposed rules are clearly centered on western crops and fail to acknowledge significant native Hawaiian, Polynesian, and Asian crops that are culturally and economically significant for Hawaii.

**5. The proposed rule changes augment and broaden the Department's powers in conducting the Findings of Facts process. The proposed language is problematic because it transfers authority from the Director to the Real Property Tax Office as a whole; introduces new criteria that are subjective, arbitrary, and require subject matter expertise**



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**to assess; and creates inherent inequity in the property tax code that favors property owners with access to capital and those owners who are asset limited.**

The proposed rules add criteria by which property owners are to be evaluated for eligibility and compliance under the program, including the requirement for “planting must be observed at time of inspection” for certain types of operations; the requirement for pasture and long-term forestry operations to have in tact perimeter fencing or barricades around the area to be dedicated; the mandate that “rows of plantings...must be made in a manner as to maximize the productivity of the land being committed to agricultural dedication”; and an assessment of the “size of the farm operation as a whole.” **Again, the Department has not demonstrated it possesses the fiscal or human resources to implement this process and the Department has not demonstrated it possesses the subject matter expertise in relevant disciplines to perform accurate and reliable assessments of this type.**

**6. The Department has provided no evidence that the Department has the fiscal or human resources to implement the program as described in the proposed rule changes.** This raises concerns that the Department is shifting its program administration burden onto constituents by increasing surveillance tools used in the enrollment process and creating a more complex process that constituents may have challenges navigating. These mechanisms will increase barriers to entry for participation in the program while decreasing constituent access to an equitable program and due process procedures.

#### **COMMENTS REGARDING RULE 34A RULES AND REGULATIONS RELATING TO COMMUNITY FOOD SUSTAINABILITY USE**

**1. The term “Community Food Sustainability” is improper for inclusion in a real estate tax code.** The term “sustainability” is a broad term with diverse meanings across many contexts. For this reason, the term “sustainability” has fallen out of use in agricultural discourse because it is non-technical, vague, and subject to interpretation. The Department should consider a significant revision of this new Rule. The prior non-dedicated agricultural use category adequately served the segment of agricultural land owners that would potentially be served by this new category.

**2. The Department has provided no reasonable basis for the exclusion of pastureland from the Community Food Sustainability Use Program.** Further, there is an evident bias in the proposed rules that favors agricultural systems that produce plant-based food, and excludes other



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types of agriculture and forestry that produce benefits for the community, including but not limited to animal husbandry, native plant propagation, and specialty seed crop seed production.

**3. The proposed language broadens the powers of the Department, transferring authority from the Director to the Real Property Tax Office, allowing the Real Property Tax Office to “conduct periodic inspections of lands receiving the agricultural use assessment.” As previously stated, the Department has provided no evidence or commitment of resources required for the Department to implement these new rules.** The Department was unable to properly and fully implement the longstanding rules that were repealed, and the Community Food Sustainability Use is an entirely new program that introduces even more complexity for implementation.

**4. The Department has not provided justification for a three-year term for the short-term agricultural dedication and a five-year term for the Community Food Sustainability use.** The Department has not provided justification for why property owners participating in the short-term dedication program would be subject to more frequent renewal than the Community Food Sustainability Use.

**5. Community Food Sustainability may perpetuate the problem the Department is attempting to solve, which is to prevent agricultural land owners who are not engaged in commercial agriculture from benefiting from agricultural land tax rates.** By design, the Community Food Sustainability Use is not held to the same commercial viability standard as the other dedication classes. The proposed rules expressly incentivize non-commercial activity by allowing food donations to nonprofit organizations. Further, providing a tax incentive for non-commercial producers to flood the market with food donations may put downward pressure on market prices and undercut farmers participating in the short-term and long-term dedication programs who engage in farming for their livelihoods.

**6. The Department has not provided adequate justification for why the Community Food Sustainability Program will sunset in 2028.** If the Department believes implementing the Community Food Sustainability Use will achieve long-term public benefits for community-based food systems, then the Department should provide a clear reason for scheduling the program to expire in five years. Turbulence in agricultural land tax policy will have a negative impact on the agricultural sector over the long-term. Constituents deserve measured policies with a strong foundation that are fair and will withstand the test of time.



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In summary, the proposed rules as they are currently drafted may have unintended and detrimental impacts on local farmers and agricultural land owners who provide significant economic, ecological, and social benefits under the previously repealed rules. We are particularly concerned with the impact of the proposed rules on new and beginning farmers, kupuna farmers, asset limited and low-income employed (ALICE) farmers, Native Hawaiian farmers and homesteading families residing in Department of Hawaiian Homelands communities, and agricultural property owners who lease land to farmers.

On behalf of the Board of Directors of Hilo County Farm Bureau and our chapter's members, I strongly urge you to defer action on the proposed rules for at least one year. During this time, farmers, ranchers, and agricultural land owners, including industry and community stakeholders, can be appropriately engaged by the Department to provide feedback on the final proposed rules. Mahalo for your consideration.

Sincerely,

*Megan Blazak*

Megan Blazak, MBA  
President  
Hilo County Farm Bureau

DEPARTMENT OF FINANCE	
DATE REC'D:	JUL 12 2024
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County of Hawaii  
Department of Finance  
Real Property Tax

RE: Rules and Regulations Relating to Long-Term Commercial Agriculture Use Dedication  
Rule 31A-3, Dedication requirements  
D. Lands  
2. Orchards: 1.0 acre

My parcel of 842 acre does not meet your minimum lot size of 1.0 acre in the Orchards category. This lot which was purchased in July 1956 was a coffee farm and still is and will be until no longer economically viable. My intention is to keep this lot for agriculture purposes and nothing else. This lot of 842 acre is perfect for a small farmer who wants to keep Kona coffee as a commercial agricultural operation.

The reason for a small lot is back in July 1956 the previous owner had less than 2.0 acre to sell, however, there were 2 buyers. So the owner decided to split the lot in half for the 2 buyers resulting in 842 acre. After my parents became deceased, this parcel was passed down to us and is directly across the road from another parcel that my parents owned.  
TMK: 7-5-014-004-0000

I wish that the minimum lot size for the orchards category be change from 1.0 acre to 0.5 acre. This would provide all small farmers an opportunity for financial gains and the preservation of all coffee farms small or large and would be of vital importance for the survival of the coffee industry.

And the exceptions are revised to read if an Owner with 2 parcels of agricultural operations that has a combined acreage of 1.0 or more acre is exempt from the minimum size requirements or a State of Hawaii tax form G-49 from the previous tax year shall be submitted with the application for all lots that does not meet the minimum size.

Aloha and Mahalo

Jack Okayama

DATE REC'D: JUL 17 2024  
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## Testimony of Jason D. Moniz, DVM

Submitted July 16, 2024

## Pertaining to Proposed Rule Changes to the County of Hawaii Agriculture Tax Rates

Finance Director Diane Nakagawa, thank you for the opportunity to testify. My name is Jason Moniz, I'm a lifelong resident of Hawaii County, a semi-retired veterinarian with 43 years of experience working with livestock, poultry and aquaculture producers statewide. My family and I have also owned and operated a ranch in Hamakua for the past 34 years. We raise cattle, sheep and horses as part of that ranching operation on two separate TMKs. My work experiences as a veterinarian and a rancher have allowed me to work with and collaborate with many livestock producers and allied industry members statewide. I am a long time and active member of the Hawaii Farm Bureau, the Hawaii Cattlemen's Council and served as a steering committee member for the Hamakua Community Development Plan.

Growing up in Waiakea Uka when it was predominately agriculture and now living over half my life in Hamakua where it remains predominately in agriculture provides me with a good perspective of how these proposed rules may impact our rural communities. In general, the proposed rules will add substantial burden to farmers, ranchers and rural residents by increasing the regulatory requirements to qualify for agriculture tax rates. As proposed many rural families on properties zoned agriculture may be subjected to significant tax increases and may not be able to afford to continue living on their properties. For those of us who work seven days and sometimes nights a week as agriculturists, we are already overworked by our contributions to this society and do not need to be burdened further. I would recommend that the proposed rules be amended to reduce the frequency of applications and the burden of documentations required to qualify for the agricultural tax rate. I believe that in general the tax rates for the various agriculture categories being proposed are fair. However, I will speak on the category that I have the most experience with, Pasture and Grazing, where I see some proposed language that I believe will negatively impact particularly smaller livestock producers and many rural residents throughout the County.

On page 14, D.4. I recommend changing the qualification for the minimum pasture size from 10 acres to 5 acres. There are numerous examples of smaller livestock operations

31A.4.A.2. uses permeant water as criteria to qualify pastures for the agriculture rate. Many of our small producers on smaller parcels will routinely haul water to the many agricultural parcels that have no source of water. This section also indicates only areas surrounded by a perimeter fence will qualify for dedication. This requirement is impractical and will encourage owners to keep highly erodible riparian zones unfenced contrary to ranching conservation plans.

Thank you for considering these recommendations and allowing me to testify.

JUL 17 2024

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**Pacheco, Crystallene K.**

**From:** Jeff Pereboom  
**Sent:** Wednesday, July 17, 2024 6:00 AM  
**To:** cohfinance  
**Cc:** Kevin Harrell; Mary Gherardi  
**Subject:** 7-18-24: Rules and Regulations pertaining to Real Property Tax

We would like to submit written testimony in advance of the 7/18 meeting. Here are our comments:

1. Will the inclusion of people who lease their land out to businesses be in the final tax rule? This is related to Heather Kimball's FAQ #5. Cattle graze and rotate around our property as part of a 10 year USDA NRCS conservation plan, not sheep. There is nothing in the proposed tax law that covers this scenario.
2. It seems like this new legislation will prevent new businesses from starting. How are you supposed to start a new business with the expectation that you're making \$2000 right away?
  - a. For instance, if you're starting an orchard, some trees take years, maybe a decade, to produce fruit. So even though you plant an orchard you may not see income for 8-10 years. So even though you are following the ag plan and looking to produce food for the community/business, you are expected to pay more tax for those 8-10 years while those trees maturing during the same time that you aren't making income. This will be a hindrance to new business and deter people from growing food for our community.
  - b. Heather Kimball said that you did not have to make \$2000 in gross income as long as you have a farm plan and comply with the "accepted standards and farming practices" but the proposed tax law is very specific to say the \$2000 income was a requirement and mentions no exceptions:

"Rule 31A.3. A. 2. All applicants shall submit the Schedule F (IRS Form 1040) or State of Hawai'i tax form G-49 from the previous tax year as evidence of long-term commercial agricultural use minimum of \$2,000 annual gross income."

3. The ways to leave the program are very restrictive.
  - a. The only way out of the program is for the county to remove us from the program or to have someone die. Otherwise we're liable for back taxes? If we've met five years of the 10 year program every single year and produced more than \$2000 in income and then a family emergency happens and we have to sell the business and the new owner does not keep the tax plan, now we're liable for back taxes and a 10% penalty fee? This is going to cause significant issues, impede new business growth and should be rectified.
4. Why do I pay more tax currently in the non-dedicated ag program for 30 acres than Parker Ranch paid for 21,000 acres? It seems like the new rules only benefit the large companies and not farmers.
5. Regarding overall sustainability, why are we penalizing the people who grow food and enough to sustain themselves and their neighbors? This tax legislation seems like it's going to actually make our island produce less food and be less sustainable. I understand that there are many people that have taken advantage of the ag tax program, but it seems that this program is the wrong way to approach trying to rectify that.
6. The previous law that had just been replaced was sufficient - the problem was with absolutely inadequate enforcement of the law. The burden was on the county however, and at least people were not unfairly deprived of a deserved tax break. The new law shifts the burden onto the landowner, and adds a ton more "red tape", and will effectively price many, many people out of their land and property, despite the fact that they are indeed contributing an agricultural benefit to the county.

Thank you for your consideration,  
Jeff Pereboom  
Robert Harrell

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# Laupahoehoe Livestock Company

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July 16, 2024

County of Hawai'i  
Director of Finance Office  
25 Aupuni Street, Suite 2103  
Hilo, HI. 96729

RE: Written Testimony for Revising Administrative Rules Relating to the Real Property Tax Division Specifically Agriculture Exemptions, Section Rule 31A

This written testimony is specifically written for the revision to certain sections of the Rule 31A as it relates to tax exemptions and dedication for land in agriculture.

I have been in agricultural production in many forms and facets for the past 22 years and have grown agricultural businesses from small scale to larger scale production both in crop farming as well as livestock production. I know agriculture well. Actual producers should have been part of this discussion beforehand and during the creation of the law, but here we are and changes to the rules are needed.

I have some issues with the proposed rules that hurt the agricultural producer on Hawai'i Island. Any step to deter or implement new rules that can cause financial harm to any agriculture operation in the State of Hawai'i should be thoroughly considered from all views, small production to large scale production. Any form of agriculture in Hawai'i that produces food locally and minimizes foreign dependency on imports should be celebrated. Paperwork processing and further restrictions should not be barriers to producers, nor should costs to producers increase because of further red tape and the

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throughout the island from various landowners and various parcel types and sizes throughout the island. This program paperwork is a logistical nightmare for those farmers and ranchers that hold multiple leaseholds with multiple different landowners. Who completes the form? Land owner or lessee? Who will complete the farm plan? How will that farm plan for that specific parcel have to be handled when the farmer or rancher has many other locations? **Lessees should not be required to give the land owners their personal financial documents to accompany their applications.** That is a confidential matter! The land owner should not be given tax documents that contain personal information from the lessee to submit along with the application. Furthermore, this will take hours of the producer's time to contact all of the land owners they lease from, get a formal lease because many of them are just by verbal agreement and a handshake, as well as compile all the needed documentation in order to submit for approval. There needs to be a section that describes how these cases will be handled for confidentiality reasons as well as streamlining the protocols for larger operations so this doesn't take so much time from the producer when they should be growing and raising ag products.

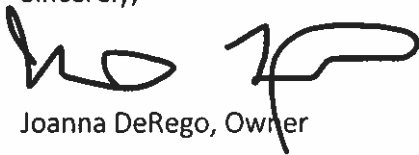
**Issue# 3: There should not be a cap on the number of times that a parcel and land owner can enroll in the 3-year dedicated program.** Instituting a limitation on the number of times that a land owner can use the 3-year dedicated is harming to the agriculture producer. Agriculture production should not be scrutinized and limited to a certain timeframe. Land lessees might change, or be shorter lease times than what is required for a 10-year dedication. We should not be penalizing or deterring any form of agriculture and any dedication should always be allowed without any time limits and restrictions to qualifying for an exemption and better real property tax rates.

**Issue# 4: Requiring the recording of leases with the Bureau of Conveyances.** This is an unrealistic expectation to place on land owners and lessees. Not every land owner wants a long-term agreement recorded with the Bureau of Conveyances for varying reasons. This is an overstep. Any agreement, whether recorded or not should be allowed under the 10-year designation, especially

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should be given the exemption for any and all forms of agriculture whether for monetary gain or not. Any person who can benefit from growing their own food or food for others should be able to participate in this program. Any amount of food that can come from the ground in Hawai'i is less that needs to be imported here and makes us more sustainable. Even the farm that only has a couple head of animals, eventually will sell those animals to other producers or hire someone in the ag fields to help them with their properties. I understand that they County wants to go after those who are taking advantage, but any rule that restricts or harms agriculture in any way really needs to be reconsidered.

Sincerely,



Joanna DeRego, Owner

**Testimony of Joe Clarkson for the July 18<sup>th</sup> hearing on the proposed agricultural dedication and assessment rules**

1. Council Chair Heather Kimball has repeatedly stated that since the definition of “commercial agricultural activities” includes the phrase “or adhere to generally accepted standards or recognized practices within that agricultural industry” and that since “recognized practices” means those described in the departments Agricultural Use Guidelines, a farm complying with those Guidelines need not show any gross income to qualify for long- and short-term agricultural dedication. Is her understanding accurate?
2. In response to my question to her about the origin of the 10-acre minimum lot size for any pasture land dedication, Chair Kimball said that “the 10 acres was already part of the Finance Director Rules. County Council cannot change or amend Finance Director Rules”. When was the 10-acre minimum added to the rules? Why does the acreage matter if the pasture is managed in accordance with the Agricultural Use Guidelines?
3. If a friend or relative uses a larger than 10-acre pasture, owned by someone else, for raising livestock (in full accord with the Guidelines) and the owner has been part of the Non-dedicated assessment program and wishes to apply for a 3-year dedication: Who should make the application, the land owner who has been paying the property taxes or the rancher who has been raising the livestock? Who will be responsible for the property taxes if the application is accepted, the applicant or the land owner?
4. It has been suggested that about \$37 million of potential property tax revenue per year has been foregone due to agricultural land assessment practices. How much of that amount is due to the use of Non-dedicated status by farms under 10 acres in size?

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To whom it may concern:

Dated: 7/15/2024

My name is Keith Young, I am the general partner for the Kaunaoa & Honolulu Family Limiter Partnership. Back in 2012 I decided to move and invest on the Island of Hawaii, instead of continuing to invest on Oahu. I specifically invested in agricultural property for lower property taxes, to provide affordable rental housing. I invested in property parcel 640200140000 then 460010270000. When purchasing these properties, it was understood that the classification of the properties were agriculture and was registered with the County Of Hawaii as agriculture. The property tax came listed as agricultural and I been paying the bills. Were money has exchanged hands that is a legal binding contract. Later, the county changed the contact, without my consent to residential agricultural. Now, the county wishes to take away, the tax exemption, that was agreed to in my contract that helps me keep my rents affordable. I went and talked to a lady that works at the Kona tax office. She stated that I should try for low income housing exempting that the rents is \$1800 for a 2 bedroom. My 2 bedroom I rent for \$2150 in Waimea. She stated that she rents a 2 bedroom in Waimea and pays \$4250 and that my rent is low for the area. Now the county is trying to force me to jack up my rents. The county does not seem to care about contracts or their constituents. The county seems only trying to rip, we the people off. Since I have moved here, the property taxes have only gone up. What have we got in exchange? I can tell you. The county put more restrictions on things such as the use of trailer to dump our trash. The county cut down the amount of loads we can do a day at the transfer station from 2 to 1 load. The county even limits the load size to 3 cubic yards. On Oahu, we have Trash pickup every week. We have Blue or Green waste pickup every other week. We have bulky pickup. If going to the convenience center that you call transfer stations, we are permitted 2 loads a day with no load limits. Oahu also permits the disposal of 2 car tires a day and car batteries at the convenience centers. Here on the Big Island, with the meeting with the Mayor, He stated that the island is too big to provide all those services. I stated I understand, but you must look at we the people's point of view. If we are forced to drop off our trash, we should not be limited to load size and the restricted use of trailers. Gasoline is not cheap, the county needs to see and understand the people's point of view.

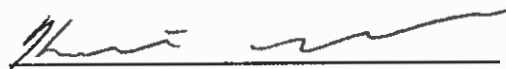
The county needs to be realistic concerning property taxes. In 2012, I bought two 20 foot shipping containers, to move my operation to the Big Island. I paid \$3900 for one and \$4100 for the high cube one and had it delivered to parcel #640200140000. On the county web site, the county is assessing them at \$9000 each. At current, a brand new one-time use shipping containers are selling between

\$6000 & \$7000. My two shipping containers are over 12 years old and nowhere close to a brand new shipping container. The county is ripping me off by charging me by valuing the shipping containers at \$9000 each, more than a brand new shipping container, when they are old and dirty.

### **BOTTOM LINE**

The bottom line is I made my choices based upon what the County Of Hawaii, classified the parcels as. The county took payment as the property as agricultural. That is a binding contract. I never agreed to the zoning change from agricultural to residential agricultural. I never agreed to the ending of the tax exemption, I was promised. As far as I see it, My properties are grandfathered in with these exemptions and classification as agricultural, not residential agriculture.. No means no, I am tired of the County trying to rape me. If we pay taxes, we the people should be getting something comparable in return. Not more restrictions, expenses and less bang for our dollar. I could understand if the county made a restriction that if selling products, half must be sold locally here in Hawaii. Because as of present, a property owner gets the tax exemption, then leases or rents the property out and raise cattle. Then they ship all the cattle to the mainland for higher prices. That does not help the people of Hawaii out.

Sincerely Keith Young General Partner

A handwritten signature in black ink, appearing to read "Keith Young", is written over a solid horizontal line.

Parcel Information

Parcel Number 640200140000  
 Location Address 64-5295 PUANUANU PLACE  
 Project Name Pleasant Acres  
 Property Class AGRICULTURAL  
 Neighborhood Code 6422-5  
 Legal Information LOT 63 19600 5F FP 886 PLEASANT ACRES S/D  
 Land Area (acres) 0.4500  
 Land Area (approximate sq ft) 19,600

Property Class refers to Tax Classification ONLY. For Zoning information, please go to Planning Department GIS Public Layers (hawaii-county.gov) or email [planning@hawaii-county.gov](mailto:planning@hawaii-county.gov)

[View Map](#)  
[Plot \(TMK\) Maps](#)

Owner Information

Owner Names HONOLULU FAMILY LIMITED PARTNERSHIP Fee Owner  
 Mailing Address HONOLULU FAMILY LIMITED PARTNERSHIP  
 46-3932 HONOKAA WAIPIO RD  
 HONOKAA HI 96727 7052

Assessment Information

Year	Property Class	Market Land Value	Dedicated Use Value	Assessed Land Value	Market Building Value	Assessed Building Value	Total Market Value	Total Assessed Value	Total Exemption Value	Total Taxable Value
2024	AGRICULTURAL	\$239,700	\$600	\$600	\$328,500	\$328,500	\$568,200	\$329,100	\$0	\$329,100

Land Information

Property Class	Square Footage	Acreage	Agricultural Use Indicator
AGRICULTURAL	19,600	0.45	Yes

Agricultural Assessment Information

Acres in Production	Use Description	Agricultural Value
0.25	HOMESITE	\$500
0.2	PASTURE, AG USE	\$84

This parcel has land in agricultural usage and therefore agricultural usage assessments have been made.

Residential Improvement Information

Building Number	1	Bedrooms	2
Year Built	1981	Framing	DOUBLE WALL
Eff Year Built	1981	Exterior Wall	PLYWOOD
Square Feet	1,280	Roof Material	COMPOSITION
Total Room Count	4	Heating/AC	
Full Baths	1	Fireplace	1
Half Baths	0	Grade	4

Sketches



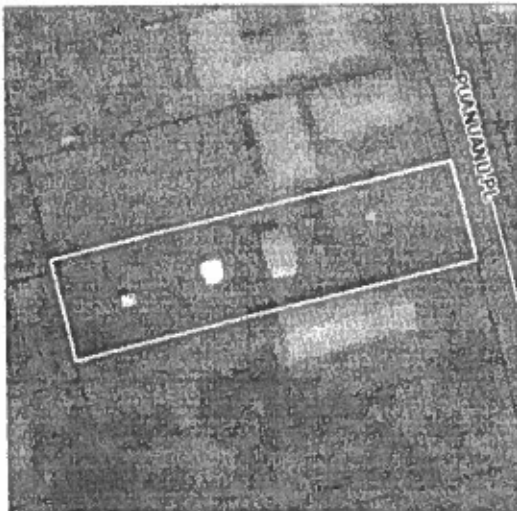
Sales Information

Sale Date	Sale Amount	Instrument #	Instrument Type	Instrument Description	Date Recorded	Land Court Document Number	Cert # Book/Page	Conveyance Tax	Document Type
12/20/2011	\$175,000	43810645	FEE CONVEYANCE	Warranty Deed	12/30/2011			175	Warranty Deed
04/05/2000	\$0	0000000000							
02/26/1993	\$0	9300030483	FEE CONVEYANCE	Quitclaim deed	03/10/1993			0.00	Quitclaim deed
10/01/1985	\$65,000		FEE CONVEYANCE						

Historical Tax Information

Year	Tax	Payments and Credits	Penalty	Interest	Other	Amount Due
01/2021	\$2,864.84	(\$2,864.84)	\$0.00	\$0.00	\$0.00	\$0.00
01/2022	\$2,864.84	(\$2,864.84)	\$0.00	\$0.00	\$0.00	\$0.00
01/2023	\$2,091.60	(\$2,091.60)	\$0.00	\$0.00	\$0.00	\$0.00
01/2024	\$1,938.26	(\$1,938.26)	\$0.00	\$0.00	\$0.00	\$0.00
01/2019	\$1,195.87	(\$1,195.87)	\$0.00	\$0.00	\$0.00	\$0.00
01/2018	\$1,038.79	(\$1,038.79)	\$0.00	\$0.00	\$0.00	\$0.00
01/2017	\$1,029.44	(\$1,029.44)	\$0.00	\$0.00	\$0.00	\$0.00
01/2016	\$994.38	(\$994.38)	\$0.00	\$0.00	\$0.00	\$0.00
01/2015	\$915.75	(\$915.75)	\$0.00	\$0.00	\$0.00	\$0.00
01/2014	\$1,915.68	(\$1,915.68)	\$0.00	\$0.00	\$0.00	\$0.00
01/2013	\$1,800.98	(\$1,800.98)	\$0.00	\$0.00	\$0.00	\$0.00
01/2012	\$1,753.50	(\$1,753.50)	\$0.00	\$0.00	\$0.00	\$0.00
01/2011	\$1,765.19	(\$1,765.19)	\$0.00	\$0.00	\$0.00	\$0.00
01/2010	\$2,165.99	(\$2,165.99)	\$0.00	\$0.00	\$0.00	\$0.00
01/2009	\$2,252.16	(\$2,252.16)	\$0.00	\$0.00	\$0.00	\$0.00
01/2008	\$2,393.81	(\$2,393.81)	\$0.00	\$0.00	\$0.00	\$0.00
01/2007	\$2,279.55	(\$2,279.55)	\$0.00	\$0.00	\$0.00	\$0.00
01/2006	\$1,989.81	(\$1,989.81)	\$0.00	\$0.00	\$0.00	\$0.00
01/2005	\$1,606.54	(\$1,606.54)	\$0.00	\$0.00	\$0.00	\$0.00
01/2004	\$1,342.56	(\$1,342.56)	\$0.00	\$0.00	\$0.00	\$0.00
01/2003	\$1,316.95	(\$1,316.95)	\$0.00	\$0.00	\$0.00	\$0.00
01/2002	\$1,284.44	(\$1,284.44)	(\$64.22)	(\$3.85)	\$0.00	\$0.00
01/2001	\$1,294.10	(\$1,294.10)	\$0.00	\$0.00	\$0.00	\$0.00
01/2000	\$1,289.85	(\$1,289.85)	\$0.00	\$0.00	\$0.00	\$0.00

Map



**Pacheco, Crystallene K.**

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**From:** Kim Magoon  
**Sent:** Wednesday, July 17, 2024 12:18 PM  
**To:** cohfinance  
**Subject:** 7/18/24 Ag Property tax meeting Input TESTIMONY

To the Hawaii Property Tax, County Finance and all concerned,

As a long time small farm and ag land owner, I would like to submit my thoughts AGAINST this new property tax plan for Ag lands.

We have been filing and paying the appropriate required taxes for our ag land, as well as from any income that is made from sale of our animals. We are not the family that just has 1 sheep or 1 cow to gain Ag benefits. To now require that small farm owners have to jump through government hoops will act as a deterrent for people having and using additional ways for them to support themselves, their families and community. The cost of living in Hawaii is hard enough to deal with and is getting ever higher and as you well know is driving local people away because they just cannot afford to survive here. This new way that big government is again stepping in to control things, add more costs and complexity to basic living and surviving in Hawaii is frustrating.

Ag land is already restricted from certain uses that would act as other ways for kapuna and locals to subsidize their income that. Now you will be adding more cost to our bottom lines no matter which way you cut it.

It does not really seem like you are working with the Hawaiian people when new measures such as this are put in place.

These kinds of increases will have reactions and will only hinder the ability for local people to keep and live on their lands. Local government "claims" to be concerned about this. It will add a burden to the community instead of benefiting those with high enough incomes to pay for the tax. Please find a better way.

This is a maddening and BAD plan you are wanting to put in place. Hawaii is already known as a non-business friendly state, this just adds another reason to the list!

Mahalo for your re-considerating this measure to benefit the small farmer and families in a better way.

Kimberley Magoon

DEPARTMENT OF FINANCE	
DATE REC'D:	JUL 17 2024
ROUTE TO:	_____
COPY TO:	_____
ACTION:	_____
FILE:	_____

Loren Cypriano

Regarding County of Hawaii Department of Finance Revising Administrative Rules Relating to the Real Property Tax Division

July 17, 2024

My name is Loren Cypriano and I am a concerned Hawaii resident and current owner of a five acre parcel that my family has used for generations in the production and operations of livestock for commercial & community consumption.

I am testifying in opposition to some of the new requirements being proposed regarding the new agriculture use program options as it will have a negative impact financially on many of the small farmers/ ranchers who use their land for agriculture productions on a smaller scale. I have reviewed the new proposed requirements, and they are excessive. Majority need to be reconsidered. It is the small family ranchers and farmers, owners as well as tenants, who are going to be negatively affected. Majority will not be able to meet all of the proposed requirements. I did not notice in the document put out to the public if it specifies that all requirements in every category need to be met or not.

My family has provided countless amount of meat to the market/ community, raised on our land and sold into the market. I propose changes in these categories:

- Minimum lot size should be eliminated. Lot size does not determine the amount of achievable production for livestock. My family does a continuous rotation with our livestock, we lease a large parcel of land that borders with us. Thus determining what program we can fall into based off of lot size is not realistic due to many factors, including environment.
- Crop Restrictions: Basic pasture or slow/ fast rotational forest should be allowed for all programs. Our livestock are sold locally providing community food sustainability.
- Additional documents required: Be set back to a minimal (farm plan should be standard). I can honestly say I should fall into the Long Term Dedicated (10 years) program based off of our productions, but I can't meet all of the "additional required documents." Due to costs, time, other restrictions, etc.
- Renewal Documentation: Should be "considered a New Application/ Dedication" for all programs.

I wanted to share my testimony because without adjustment to these proposed requirements I'm afraid that majority of the farms and ranches who should be zoned as Agriculture will not be, and will be forced into market value increasing their taxes by over 50% simply because they can't meet these requirements. It is hard enough for the average family to get by on working two or more jobs per household in Hawaii. The local residents/ families are struggling more than I have seen in my life time and being forced to leave our State/ home because the cost of living has increased so much over the past few years, yet the pay raises have not, and will not, make up that gap. If the purpose of these new programs and their requirements are to eliminate people who are taking advantage of the Agriculture zoning and are not contributing to the markets then I agree that more restrictions need to be implemented, but not to this extent.

Thank you for reading my testimony, your consideration of these matters and solutions is very much appreciated.

Sincerely,  
Loren Cypriano

DEPARTMENT OF FINANCE
DATE REC'D: JUL 17 2024
ROUTE TO: _____
COPY TO: _____
ACTING TO: _____
FILE: _____

DATE REC'D: JUL 15 2024

RECEIVED: \_\_\_\_\_

COPY TO: \_\_\_\_\_

ACQUISITION: \_\_\_\_\_

FILE: \_\_\_\_\_

**Pacheco, Crystallene K.**

**From:** lhirota  
**Sent:** Monday, July 15, 2024 3:50 PM  
**To:** cohfinance  
**Cc:** lhirota  
**Subject:** 240715 Public Hearing Written Testimony - Chapter 19 HCC

**Name:** Lyle Hirota, Trustee  
**TMK:** 4-6-008-020 and 4-6-008:054

The upcoming changes to Chapter 19 of the Hawaii County Code (HCC) were apparently based on the Real Property Tax Review Working Group Ag Committee Report dated September 20, 2019 (REPORT).

1. Changes to the Non-Dedicated Agricultural Program were recommended **"to encourage agricultural activities in the rural areas while reducing the opportunities for and perceptions of abuse of the system"** (page 7 of REPORT) as well as to **increase annual revenue from approximately \$580,000 to approximately \$6.5M** (Item 5, page 8 of REPORT).
2. What the changes fail to consider is that old time owners of agricultural properties on fixed incomes may need to sell the properties, most likely to people from outside Hawaii, if they are unable to afford the increase in taxes. So, while the County and Administration often preaches the need to take care of Kupuna and keep lands in the hands of local residents, these new rules have the opposite effect.
  - a. While the "SIMPLE" answer under the new rules is that property owners can apply for three other programs (Community Food Sustainability, Short Term Commercial Dedication – 3 year dedication, and Long Term Commercial Dedication – 10 year dedication), it is not as "SIMPLE" as it sounds, especially for older people.
  - b. My parents acquired these properties somewhere around 1960 and raised cattle on the properties from that period until my father became too old to maintain the properties and therefore allowed the properties to be used for pasture by others at no cost in order to keep the properties in "agricultural activities" up until his passing in 2015.
  - c. The Lyle I. Hirota Trust subsequently acquired the two properties and continued to allow the users to utilize the properties for grazing to maintain my parents' legacy and honor the years of hard work which that my family put in to make the properties what they are today with the intention of passing the properties on to the next generation. So, while it may not meet the requirements of "Commercial Operations for Dedicated AG" (Item 7, page 9 of REPORT); it meets the goals under page 7 of the REPORT in "encouraging agricultural activities in the rural areas". If sold, it is likely that it would be purchased by people from outside of Hawaii who may not utilize the properties for agricultural activities in contravention of the stated goal of these new rules.
3. Due to my age, it is not feasible for me to directly utilize the property for commercial agricultural use, which is the basis for allowing another entity to utilize the properties at minimal cost under a License with the Trust with the Trust responsible for payment of the real property taxes. While I realize that it is possible to lease the property with the lessee responsible for payment of the real property tax (HCC 19-60(d)(5) and HCC 19-61(a)); the problems that the County and this Administration has failed to consider are as follows:
  - a. As a Kupuna, I do not desire to leave encumbrances on the property upon my death or severe disability as my heirs would likely be held to the terms of the lease, especially as the Lessee would be responsible for payment of the real property tax and HCC 19-60(h)(3) and HCC 19-61(g)(3)

only allows the director to cancel a dedication without rollback taxes or penalties for “The death or severe disability of the **PRINCIPAL FARMER** such that the farm operation cannot continue”. It does not take into account the death or severe disability of the **PROPERTY OWNER**.

- b. Due to my age and as the cost of Long-Term Care is exorbitant, the ability to dissolve the property in the event of my death or severe disability is an important safeguard for myself and my estate.
  - c. While it is likely possible that the Lease could be structured to reimburse the Lessee for any penalties in the event that the Lease is terminated due to my death or severe disability, due to the wording under HCC 19-60(d)(5) and HCC 19-60(h) as well as HCC 19-61(a) and HCC 19-61(g); it is unclear whether the application submitted by the Lessee would be approved by the Director with this type of wording within the Lease.
  - d. I seriously doubt that these concerns are limited to my particular situation as there are many longtime residents who own agricultural lots which have been in their families for decades and are likely to be severely impacted by these new rules.
4. The County needs to reassess the impact of the new rules to the older generation as well as their heirs if it truly cares about the local long-time residents rather than establishing policies based on concerns of **“PERCEPTIONS OF ABUSE OF THE SYSTEM”** and additional revenue at the expense of the local communities. **FOCUS ON THE ABUSERS**, not those of us who actually use the properties for agriculture uses as intended and **“encouraged”**.

**Pacheco, Crystallene K.**

DEPARTMENT OF FINANCE	
DATE REC'D:	JUL 17 2024
ROUTE TO:	_____
COPY TO:	_____
ACQ. NUMBER:	_____
FILE:	_____

**From:** Mary Gherardi  
**Sent:** Wednesday, July 17, 2024 10:14 AM  
**To:** cohfinance  
**Subject:** Non Dedicated Agricultural Program

We received your letter regarding the ending of the NDA program and the three proposed replacement programs.

My questions/comments are:

We own 45 acres in Hakalau on the forest. A local rancher has been grazing the land for the past 20 years. We have eight cows and a bull. We produce about 6 to 8 keikis a year who the rancher then sells. I have no doubt he makes at least 2000.00 a year. But this scenario is not covered in the new regulations. So, if I'm not personally making 2000.00 a year I don't qualify for one of the new programs? And, if his profit would qualify, I then have to ask him for copies of personal tax forms? He cannot afford to pay us 2000.00 a year for a lease, market value is about 600.00 a year. It seems antithetical to what local politicians articulate and seem to want to encourage "diversified agriculture".

We have a farm plan on file with the USDA NRCS although our 10 year lease with our rancher has expired. I'm sure we can sign a new one but will this qualify for one of the new programs?

We've taken fallow, marginal sugar cane land and turned it into productive pasture land and it seems like we're being punished for it. The new programs do not address this scenario!

We get absolutely no county services. We just spent \$10,000 on rock for our private road. The new regulations seem to shift the burden of enforcement from the county to the landowner. Why not enforce the current regulations?

The proposed regulations are going to kill whatever local farming/ranching is currently going on. Short sighted in my opinion.

Thank you for your consideration,

Mary Gherardi

Sent from the all new AOL app for Android

DEPARTMENT OF FINANCE	
DATE REC'D:	JUL 16 2024
ROUTE TO:	_____
CCPY TO:	_____
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FILE:	_____

To Whom It May Concern,

My name is Mia-Pia Cummins-VanHerreweghe, I own a 9.6-acre lot in South Kona, and my non-dedicated agricultural program (pasture) of 15+ years will be terminated because of the changes in the Rules and Regulations of the Director of Finance.

While I understand some of the reasoning behind the changes, I do not understand how this is done in the new rules as the new rules are discriminatory toward existing small farms, like mine. The new rules are also discriminatory towards small livestock farms, and small farms that have survived for 50+ years based on harvest trading.

My farm pastures, water tank, and catchment roof structures were designed by NRCS over 15 years ago and were designed to keep my pasture-raised chickens and sheep safe while keeping predators out. I can produce the contracts with NRCS upon demand. I have also filed a Schedule F on my Federal Taxes for 15+ years, and have a General Excise Tax License. My property also has a 5-acre Native Forest Dedication (with conservation plans created by NRCS, and recorded with the Bureau of Conveyances). Why can't small, existing for over 10 years, pastures be accepted as grandfathered in under the new non-dedicated agricultural use or the Community Food Sustainability program because a lot is smaller than 10 acres? There are not many areas in my area that have lots larger than 5 acres.

My farm produces mostly eggs that are sold farm-direct and through Adaptations as part of their CSA offerings to the public, as well as local restaurants. My farm produces an average of about 20 dozen eggs per week. In the past, I sold eggs (chicken, duck, and goose eggs) to various grocery stores such as Island Naturals and ChoiceMart, as well as farm-direct. I also sell sheep directly to the consumer as live animals. Some consumers have the sheep live on their properties, while others will use them for meat. My farm also produces a small amount of citrus and avocado that also is sold to Adaptations, or traded for other fruit or produce for personal consumption.

Under the new proposed rules (Rule 34A), my farm does not qualify under the Community Food Sustainability Program, as this program fails to address that small livestock farms contribute to our community's food resources. Nor does it fit under the Three-Year or Ten-Year Commercial Program, as nothing in these rules addresses pasture-raised poultry or sheep.

Much of the small print refers to having to produce evidence of investments of over \$10,000 within the last two years of applying to a program (for community food sustainability as well as both of the commercial programs). My investments (tractor, various sprayers, tractor implements, and small farm equipment) were purchased more than two years ago, and much of my equipment has at least 10 more years of life in it. The fact the rules ask for evidence of new purchases within two years of applying for a dedicated agricultural program will effectively eliminate many existing small farms on Hawaii Island from being able to qualify for any of the agricultural programs under the new rules.

The new programs will also eliminate small family farms, that have been raising food (fruit/crops/meat/etc) for personal or communal use, based on a very old Hawaiian tradition of sharing responsibility for feeding each other and trading harvest with other small farms. This practice is in essence true community food sustainability.

Having to prove profit, or

There is also nothing in the rules on pasture-raised poultry, how this looks like, and how a Property Tax Appraiser will vet these farms.

Many of the requirements for the application to the programs fail to take into account that starting up a new farm requires time, and the time needed to start planting crops or raising animals to the actual time one can harvest can be up to several years, especially for fruit trees. All this time a starting farm needs to reach a point where they can prove income disqualifies them from qualifying for agricultural property tax exemptions. That is not fair, and it will significantly put our community's food supply at risk, as it would prevent people from starting farms and contributing to our food independence from mainland supplies.

A few weeks ago, I had a phone conversation with one of the Kona Appraiser named Jennifer (who is the appraiser for my area). She stated that my farm wouldn't even qualify as my chickens aren't housed in a coup. That implies that appraisers will need significant training in basic agriculture procedures and reading/understanding farm plans or NRCS plans.

From what I understand, the study used to create the new rules was done by large organizations that seem to have their own interest in mind, and there was no input from unbiased entities like the College of Tropical Agriculture and Human Resources from the University of Hawai'i (CTAHR), or the USDA/NRCS who could have given a more valuable, ecological-responsible input.

I request that the roll-out of these new rules be postponed for at least a year so that all of the community as well as independent entities like CTAHR and NRCS can have their input too, so that the proposed rules can be improved for execution and fairness, and that tax appraisers will receive intensive training on agricultural practices. These rule changes were done without much transparency, and discriminatory to our Island's small farms.

Respectfully,  
Mia-Pia Cummins-VanHerreweghe  
Captain Cook, HI 96704

DATE REC'D: JUL 17 2024

ROUTE TO: \_\_\_\_\_

COPY TO: \_\_\_\_\_

ACCT NO: \_\_\_\_\_

FILE: \_\_\_\_\_

**Pacheco, Crystallene K.**

**From:** PATRICIA RAVARRA  
**Sent:** Tuesday, July 16, 2024 5:33 PM  
**To:** cohfinance  
**Subject:** Testimony Regarding the "Revisions to the Administrative Rules Relating to the Real Property Tax Division"

To the Tax Division Officers:

I am writing to provide additional perspective on the proposed changes to the Rules and Regulations of the Director of Finance as they pertain to agricultural properties and practices, and related tax status categories on Hawai'i Island.

I would like to first extend my gratitude to the Real Property Tax Division for their efforts to protect and maintain the unique character of Hawai'i Island, in particular the long history of agriculture. That this office has made the decision to strive to reduce and/or eliminate acquisition of prime agricultural properties for the sole purpose of individual luxury living is highly commendable.

However, in the process of doing so, it is beginning to appear that a lot of babies are being lumped into that bathwater, and are in danger of being tossed out because of it.

The County has a long history of working to attract people who would dedicate their lives to providing food for themselves and their community. That there are small lots (under 10 acres) designated to agriculture is ample proof of this. Now, though, owners of these smaller lots are in danger of losing everything because the newly-determined acceptable lot size for legitimate agriculture is a minimum of 10 acres.

I am the owner of 7.88 acres designated as agricultural in Honoka'a. Of those 7.88 acres, because of the contours of the land and historical flood plain considerations, only approximately five (5) acres can be considered viable for the orchard and pasture land we are establishing. When we purchased our land, we were assured that we would have no difficulties qualifying for ag land status, based on the verbal description we provided the tax office. We have made investments over the past several years to meet those goals; but now we are sadly discovering that we may not qualify at all, after all.

So I am writing to ask for a reassessment of the qualifications for myself and others in the same situation. Many small farmers are able to produce copious quantities of produce on smaller parcels, and we do so, and have done so for decades. Should we be disqualified from our agriculture classification because of what seems like an arbitrary decision, or one meant to discourage those with no real farming endeavors on their properties? I would hope not. And I hope that you will agree.

I therefore ask for reconsideration of these limitations, and will be happy to provide personal testimony at any time in support of this request.

Mahalo,

Patricia Ravarra  
 Nanaina Malie Farms  
 Honoka'a

July 17, 2024

Director of Finance  
25 Superior Street Suite 2103  
Hilo, Hawaii 96720

Real Property Tax Division  
Int Map Key No. 350040090000

We would like to apply for the intensive agriculture use as we have piggeries who are on our farm and have spent alot of money buying feed for them. We have a mixture of bleeds & commercial and wild pigs. The wild pigs came to our farm and made their home here. We plan to sell or give them to needy families.

We had five acres of guavas but the market did not continue. We still have the trees on our farm. We also have tangerine, orange and lemon trees.

We also raised chickens, goats, milking cows, cattle and sold them.

We would appreciate it if you would allow us to continue farming as agriculture use.

Mahalo!

DEPARTMENT OF FINANCE	
DATE REC'D:	JUL 17 2024
ROUTE FOR:	
COPY TO:	
AGENCY:	
FILE:	

Sincerely,

Peter & Lawrence Pua

**Pacheco, Crystallene K.**

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**From:** rrincon  
**Sent:** Wednesday, July 17, 2024 10:03  
**To:** AM cohfinance  
**Subject:** Fwd: Ag Exempt Bill

DEPARTMENT OF FINANCE	
DATE REC'D:	JUL 17 2024
ROUTE TO:	_____
COPY TO:	_____
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FILE:	_____

Sent from my iPhone

Begin forwarded message:

**From:** Rachel Rincon  
**Date:** July 17, 2024 at 8:25:29 AM HST  
**To:** cohfinance@hawaii.gov  
**Subject:** Ag Exempt Bill

To Whom it may concern,

I am writing to you regarding the new Ag Exempt Bill. We are a young family, with both parents working, who lease land, varying from 5 to 100 acres, to raise cattle for an extra source of income. With an increase in property tax, that would mean an increase in our lease. With this increase, we are concerned that our extra source of income might no longer be possible to maintain.

Thank you for your time,

Rachel Rincon/Dusty De Luz

DEPARTMENT OF FINANCE	
DATE REC'D	JUL 17 2024
ROUTE TO:	_____
COPY TO:	_____
ACQUISITION:	_____
FILE:	_____

**From:** Sharon dewenter  
**Sent:** Wednesday, July 17, 2024 9:13 AM  
**To:** cohfinance <cohfinance@hawaiicounty.gov>  
**Subject:** Repeal of Rule 31, Written Testimony

Sharon Dewenter Rincon  
Rincon Family Farm  
Kamuela, HI 96743  
07/17/2024

Director of Finance  
County of Hawaii

**Subject:** Testimony in Support of Exception from Long-Term Commercial Agricultural Use Dedication for Farmers and Ranchers Over the Age of 65

Dear Director of Finance,

I am writing this testimony to express my strong support for an exception from the long-term commercial agricultural use dedication for farmers and ranchers over the age of 65. I propose that farmers and ranchers over the age of 65 are able to continue to benefit from the commercial agriculture land tax benefit granted in 2023 and years prior without time commitments.

My name is Sharon Rincon, and I am a farmer from Kamuela in my late 60s. I have been farming in Kamuela for over 30 years. I have dedicated my life to farming, contributing to the local agricultural economy and community for several decades. As a farmer who is approaching retirement, I believe it is crucial to address the unique challenges faced by aging farmers.

Farmers and ranchers over the age of 65 are often not in a position to commit to another ten years of farming or ranching due to physical limitations, health concerns, and the natural progression toward retirement. The requirement for long-term commercial agricultural use dedication imposes an undue burden on senior

farmers and ranchers, who may not have the capacity or resources to meet such stringent criteria without facing penalties. By providing an exception for senior farmers, the County of Hawaii would be demonstrating a compassionate and realistic approach that recognizes the contributions and limitations of its aging agricultural community as well preventing farmers and ranchers retiring earlier than desired due to the need to commit to another ten years of farming or ranching or face penalties and/or unaffordable tax rates.

Thank you for considering my testimony. I hope that the County of Hawaii will take this important step to support its senior farmers and ensure that agricultural policies are inclusive and fair for all members of our agriculture community.

Sincerely,  
Sharon Dewenter Rincon  
Kamuela, HI 96743  
07/17/2024

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**Pacheco, Crystallene K.**

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**From:** Stanley Keolanui  
**Sent:** Wednesday, July 17, 2024 11:59 AM  
**To:** cohfinance  
**Subject:** Testimony to the Finance Director Rules & Regulations  
**Attachments:** Testimony for the proposed changes to agriculture land rules - first hearing 18 Jul 24.docx

Aloha, my name is Stanley Keolanui, and I am submitting the attached testimony pertaining to the Finance Director Rules & Regulations hearing scheduled for July 18th, 2024, at 5:00pm, County Council Chambers, Hilo, Hawai'i.

In summary, I strongly oppose the acceptance of proposed rules 31B and 34A, as written, pertaining to the administration of agriculture lands within the County of Hawai'i. However, I have offered recommendations that I believe would make the rules more acceptable to small scale farmers/ranchers, and also better support the goals of the county and state in achieving it's goals pertaining to food security and self-sustainability.

Mahalo for the opportunity to testify.

Stanley Keolanui  
Laupahoehoe, Hawai'i

DEPARTMENT OF FINANCE	
DATE REC'D:	JUL 17 2024
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Hawai'i County Council  
Public Hearing on July 18, 2024

**SUBJ:** Testimony opposing the proposed changes to the agriculture land rules for Hawai'i County

To the Finance Director, Hawai'i County, ATTN; Director Nakagawa.

Aloha Director Nakagawa and members of the Finance Office. My name is Stanley R. Keolanui Jr., and I strongly oppose the acceptance of proposed rules 31B and 34A, as written, pertaining to the administration of agriculture lands within the County of Hawai'i.

The main reason for my opposition is that based on feedback during two recent meetings hosted by the Council Chair, it appears that there was limited outreach to the small scale farming/ranching community, especially participants in the Non-Dedicated Agriculture program. A large number of participants, clearly the majority, had no idea these changes were coming until they received letters in the mail informing them of the new rules. These rules are a significant impact to many small scale farmers/ranchers, who don't have the luxury of time to spend on researching how these changes would affect them.

Based on comments made during these meetings, and my own observations, I propose the following recommendations to the rules as currently written. If accepted, I would change my opposition to support for the new rules. Some of these recommendations may require amendments to the Hawaii County Code (Chapter 19) in order to allow changes to the rules.

**Rule 31B, Short Term Commercial Agriculture.**

1. Create a definition or category for "Not for Profit Dedicated Agriculture use," where land owners that want to farm crops and raise livestock, primarily for donation to the community, can do so and not be penalized with higher property taxes because they do not want to be Commercial for profit farmers. This would encourage land owner farmers to develop/maintain their lands for agriculture purposes in accordance with the five categories you have established. This would keep the land productive even though it's not generating income, and would provide a tangible service to the community. Farmers that elect this option would have to comply with the requirements of rule 31B, with the exception of not being commercially dedicated, not generating \$2000 annual gross income, and not competing in the commercial market.
2. Include application criteria for applicants that are farming, but not for profit, under rule 31B.3A. They would show proof of donations of monetary value equivalent to \$1000. They should also be allowed to make donations within their community, and not be limited to only formal non-profit 501c organizations. Their donations should be documented showing where the food went (or forecast where it will go). This information should be part of their farm plan.
3. Eliminate the minimum lot sizes under rule 31B.3D. This requirement is causing much concern and stress amongst farmers and ranchers, as was heard during the recent community meetings I mentioned above. And, even though there are potential exceptions to the lot sizes, this places another burden on the farmers and ranchers to prove they have a viable operation on the smaller acreage. Many of the farmers and ranchers I spoke to at

the meeting did not understand the reason for establishing minimum lot sizes. If the intent is to insure the agriculture operation is viable, then I'm sure this can be verified when the properties are inspected by the assessors. Additionally, I did not see minimum lot sizes specified in the County Code, Chapter 19, Section 19-61, Short-term commercial agricultural use dedication. The only place where lot sizes were mentioned is in the old Rule 31 that's been deleted. Any concerns about the viability of farming or ranching on small acreage should be addressed in the applicant's farm plan.

4. Eliminate the restriction of three consecutive three-year terms under rule 31B.3H. I believe the Short Term dedication serves an important function by offering an alternative to the long term dedication program, and is not merely a stepping stone to long term dedication.

Rule 34A, Community Food Sustainability. Add the agriculture category "Pasture" to the list of eligible categories. Based on feedback from farmers and land owners at the community meetings, it appears that many are using their land for grazing and crop production, of which many are "giving away" the crops they produce, and in some cases that includes meat from the slaughter of livestock. Since the goal of this program is to feed people, and "meat" is food, why not include this as well. This would encourage farmers to maximize the use of their lands through grazing and crop production, while contributing to the community and supporting the County and State goals for self-sufficiency. To minimize potential for abuse, require applicants to indicate what portion of the land is being used for crops, and what portion is used for grazing – this should be specified in the farm plan or an application form.

As you see in my recommendations, I am an advocate for a farm plan. I strongly encourage the County to develop a template, or a fill in the blanks form that captures essential information to satisfy the County's needs to validate a credible farming operation. Additionally, the farm plan can assist the assessor during inspections to verify that what they see is what the farmer said they were going to do. A simple farming operation would likely have a simple farm plan. More complicated operations would have greater detail, and possibly require attachments to the plan in order to address all facets of the farming operation.

In closing, I want to thank you for the opportunity to submit testimony on behalf of this most important issue. I'm certain that with the involvement of the small scale farmer/rancher community, and a focus on keeping agriculture land in active production, the County of Hawai'i will achieve its goal of developing and sustaining viable agriculture that benefits the community and the county, for now and the future.

Mahalo nui,

Stanley R. Keolanui Jr  
Laupahoehoe, HI

**Pacheco, Crystallene K.**

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**From:** Sylvia Dea  
**Sent:** Sunday, July 14, 2024 7:30 AM  
**To:** cohfinance  
**Subject:** Zoom registration

DEPARTMENT OF FINANCE
DATE REC'D: JUL 15 2024
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Aloha, I would like to complete the registration process and obtain meeting login information for Zoom meeting on July 18, 2024.

Also would like to submit following written testimony:

What would be the best classification to apply for if property has a year to year lease to grow ginger and sweet potatoes?

Sylvia Dea

Sent from my iPhone

**Pacheco, Crystallene K.**

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JUL 17 2024	
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**From:** thomas benton  
**Sent:** Wednesday, July 17, 2024 10:35 AM  
**To:** cohfinance  
**Subject:** Ag dedication rules

Aloha Director of Finance,

This is testimony for proposed long term ag dedication rules.

We have completed 2 20 year dedications and upon completion of our second 20 year dedication we were advised by the tax department that a nondedicated ag exemption was better. Now our nondedicated ag exemption is being sunseted . The last two years is the first time in 40 years we wouldn't have qualified for the new requirements. Our avocado orchards have been Devastated by the new invasive avocado lace bug. We have always been certified organic and sprayed hundreds of gallons of every organic pesticide available to no effect. So we have given up our organic certification after 33 years as we have no crop now. We are still maintaining our land and hoping a natural predator will populate the orchard to control the lace bug which happened before with the Persia mite. If not we are trying to save the money to replant the orchard with root knot nematode resistant and coffee rust resistant coffee trees. That will cost \$10,000 an acre just for the trees, which will need to be maintained for years before they'll even pay for their annual expense. Hard for us to do when we've lost our farm income and might have our property tax raised by thousands a year.

So in conclusion I see nothing in the new rules to help farmers in duress such as our example. Also I see nothing about land stewardship as a qualifier. Our land is immeasurably better after our 45 years of stewardship. We've gone from an all rock a'a' flow to rich orchard land with 6" of soil we've built with organic practices. We would like to continue building soil and tilth on our 7 acres of farmland but the new proposed rules for long term ag exemption is a hinderance instead of a help. I thought ag exemption was created to help farmers. Please include in your regulations help for farmers under duress from invasives etc. and recognize land stewardship as a beneficial farming practice for farmers dealing with invasives etc. that are going to keep coming.

Thank You,  
Thomas Benton  
Benton Family Farm

Sent from my iPhone

**Pacheco, Crystallene K.**

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**From:** tly  
**Sent:** Wednesday, July 17, 2024 10:32 AM  
**To:** cohfinance  
**Subject:** Testimony Re: Proposed Real Property Tax Rules (Agricultural Use Dedication)  
**Attachments:** AGRICULTURAL VALUES JUNE 14 2024.pdf

Aloha Finance Director Nakagawa:

The following are my comments/ testimony / questions regarding the draft rules to be discussed on July 18 at the public hearing:

1. For non-dedicated ag lands, the first page of the attached statement of Agricultural Assessment Values states this method of assessment is no longer available, with the last application accepted 9/1/24. The end of the 2nd page states all properties in the program will need a *new application between 9/2/24 to 9/1/25*. AS such, it is unclear what the deadline is for properties in existing non-dedicated program as opposed to those to start in the program before the sunset date of June 30, 2028. Does one still need to apply for the existing non-dedicated lands by September 1, 2024?

2. Similarly, if an application is to be made to short term dedication (3 years), what is the deadline for that (September 1, 2025?) and can one then stay in the existing program without reapplying by September 1, 2024 for non-dedicated?

2. For lands already in the long term dedicated program, is there a deadline to reapply, before the current dedication deadline expires, and what date is that? For example, for those already in a long term pasture dedication that expires in a few years, can they wait until the current dedication term expires, and then reapply or must one apply by a certain date?

3. From looking at the rules, some comments are:

A. Is there a farm plan form available to review yet?

B. Whose agricultural guidelines are being used for criteria in the review of dedication applications? See 31A.3(I) and 31B.3(l). They should be specifically identified or published from time to time.

C. Where minimum lot sizes are required, except as to commercially viable operations, shouldn't there also be a stated exception which acknowledges that contiguous or non-contiguous parcels that are part of the same operation can be considered commercially viable? Compare Definitions at 31A.2 (4 and 5) and 31B.2. 4 and 5.

D. For 31A.3(K) and 31B.3(K) there should be a requirement for an attempt to provide a prior written notice of inspection at the owners/lessees' mailing address of the date and time. Owners should be given the opportunity to meet with the person and discuss.

Thank you the opportunity to provide this testimony. It is hoped that the above is considered and that more information can be provided by your department tomorrow.

Tom

Thomas Yeh  
Law Offices of Yeh & Kim, LLLC  
101 Aupuni Street, Suite 217  
Hilo, HI 96720  
(808) 961-0055  
<tly@yeh&kim.com>

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DATE REC'D: JUL 16 2024

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**Wayne M. & Verna S.  
Fukunaga** Kealakekua, HI 96750-0788

July 16, 2024

Director of Finance, County of Hawaii  
25 Aupuni Street  
Hilo, HI 96720

To Whom it may concern,

As owners of two lots, a 2.5-acre coffee farm and a 1.2-acre Ulu Orchard currently classified in the Non-Dedicated Agricultural Program, we are deeply concerned about the impact of these Rules changes on our operations. We believe that local farmers like us, who play a crucial and irreplaceable role in the community, should be given due consideration in decision-making. Thriving small businesses are the largest employers in America.

We are seeking a high level of transparency in the decision-making process. We want to understand how the new rules were determined, where the supporting data is, and how the \$10,000.00 minimum over two years of farm expenses was justified. We also want to know how each classification's minimum income and lot sizes were derived. Have these rule writers made a living farming in Hawaii? Did Caterpillar, John Deere, or the Globalist UN Charter Agenda 21 or Agenda 2030 influence these rules? Successful local self-sufficient individuals are our strength.

These new rules have a detrimental effect on the livelihood of local lifelong farmers. Hawaii is the worst place to do business as these rules are anti-Kamaaina. We are locally born and have paid our taxes while farming our lots in Hawaii for generations. These rules clarify that the County is only money-driven and anti-Hawaiian culture. The County wants multimillion-dollar houses to tax rather than locals making a living off agriculture. These rules are just one more reason to move out of Hawaii or be a fool to play by your stupid rules. These rules ignored the lifestyles of the Kupuna and were written by some ignoramus of Hawaiian life as it exists. Maybe this works in some globalist socialist paradise, but the reality is different. It would be best to study what exists before breaking the paradigm. Agriculture in Kona is unlike Honokaa's or Puna's farms. Soils, geography, and rainfall are different. Kupuna knows what works, unlike you.

As entrepreneurs, we strive to innovate to survive sustainably in our microclimate. Are you aware of the recent droughts, the impact of the Coffee Borer Beetle, and coffee rust on crops? However, your rules seem to be anti-innovation and a straitjacket to us. They seem to discourage the kind of innovation many clever people use to make a life in Hawaii, doing things beyond your imagination. Over-regulation is pushing us out of Hawaii, and if this trend continues, you will end up with an economy devoid of innovation and small farms. Hawaii's economy needs diversification, and these rules seem to do the opposite. They seem to encourage aggregation into more extensive operations, which is not what our local economy needs. Recall the displacements when Big Sugar failed. Local diversity guided by Polynesian wisdom is our strength.

Instead of implementing these rules, we urge you to study what exists and how local folk make a living in our geographical Polynesian microclimates. We implore you not to make new rules in a vacuum but to show your work with supporting local data. We believe that the County has a duty to be a champion for local farmers, not a force that pushes them out with unrealistic rules that only work in a Globalist Utopian one-size-fits-all idealistic fantasy. Centralized command and control, such as these rules, have failed everywhere it has been tried.

Mahalo,  
Wayne and Verna Fukunaga

I am responding to a notice received pertaining to NDA program and bill 57.

1. Who proposed bill 57 NDA?
2. Who voted to pass bill 57 NDA?
3. Considerations should be given to elderly, sick, handicapped, retired, blind, deaf, etc. to not be held accountable to tax demands by the county.
4. A fourth program of farming utilizing harvest for home use and barter to sustain as food source options.
5. Undermining the people of Hawaii causes distrust of our council. No information to the public in due process, yet sent out letters after bill passed not favorable to we the people.
6. Council is intended to represent us and our best interest. We asked to lower taxes. Council came secretly thru the back door to tax us by surprise.
7. Studies & considerations need to be done before imposing such a hard hit bill. Soil, Rock, Climate, must be studied in all areas to apply such a bill (57)

8. What amount per year is imposed on us to market products to satisfy your rules per acre?

Citizen of Hawaii County,

Victor ~~Myunston~~

9. Losses due to flooding, crop diseases, Dogs + pigs killing off sheep or livestock - lack of animal shelters on island + loose enforcement.

DEPARTMENT OF FINANCE
DATE RECEIVED: JUL 17 2024
ROUTE NO: _____
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FILE: _____

Date: 7/17/24

From: Eric Weinert, land owner 26 acre ag zoned parcel in South Hilo District

Current use: Pasture and self sustaining regenerative agricultural practices

Re: Testimony to changes in Ag dedication. Pursuant to Chapter 91 of the Hawai'i Revised Statutes and Chapter 19 of the Hawai'i County Code, public hearing by the Finance Director of the County of Hawai'i for the

#1. These ordinances should be repealed and revisited with full public participation

The affected land owners were unaware of the changes to the law until after they were passed. This is evidenced by the large public participation in meetings by agricultural land owners after being sent a letter this June 2024 trying to explain the implementation of the changes and the hoops they needed to do to comply. Review of the video of the council meetings when the law was passed in 2023 had almost no testers. If the affected land owners had known, these ordinances would never passed as they currently are written.

The members of the working committee who suggested these changes were made up of large land owners like WH Shipman and Karnehamaha Schools, realtors and large ranchers. There were no representatives from small farmers or self sustaining farmers. The input from these folks need to be heard and considered, before the law was enacted, not after the fact.

#2. These ordinances are in direct conflict with the Hamakua Community Development Plan

Specifically eliminating growing food for personal use as a legitimate agricultural practice worthy of a agricultural tax designation runs counter to the HCDP. Please look at Objective #12 in the Hamakua CDP, which states "Preserve traditional subsistence practices and encourage a reciprocity (e.g. bartering) economy as a sustainable complement to Hāmākua's resource-based economy."

Growing one's own food with regenerative farming practices is the purest form of agriculture and is in fact the only form of agriculture that is fully sustainable. Sustainability is one of Hawaii Counties highest goals.

Growing one's own food with regenerative farming practices generates no waste for the land fill, does not require importation of food to the grocery store whose packaging generates most of the trash in the land fill, does not require fuel to transport inputs from out of state or trips to the grocery store. It makes our island more resilient in the case of an emergency when importing food supplies may be suspended.

Self sufficient farming using regenerative farming practices should enjoy the most beneficial tax benefits.

#3. Creating a large bureaucracy to ensure enforcement from a hand full of folks gaming the system doe not make economic sense.

Show me an economic study which contrasts the economic benefit to the County from enforcing the current law on the few cheaters or those gaming the system, versus the cost of labor and future benefits from County employees to monitor and enforce this new paperwork heavy enforcement system. How many new County employees will be required? How many man hours is estimated to implement this system? How many man hours will farmers need to spend to comply that could be used to produce agricultural products? The cost?

#4. Roll back of land and home values to pre 2019 values.

The County Council now includes the 3% increase value limit enjoyed by residential use to those are in the three categories of ag dedication. This was not available to those in non-dedicated ag program. The Covid time period drove up home prices and land values, in many cases doubling or tripling in valuation. To be fair to those in the non-dedicated ag program it make sense to set the home and land value to the 2018 valuation and then only allow a 3% increase each year,

Written testimony  
rec'd 7/19/24  
A.34p

July 17, 2024

Written Testimony concerning proposed changes to agricultural land use for tax purposes

Submitted by Carol Gay Covington, owner of Mākea Farms, Pepekeo, Hawaii

There is real need to address the appropriate use of land here in Hawaii for agricultural purposes and the fair assessment of taxes. For those of us who are actually farming there are many barriers to success in our ventures. Land cost, lack of access to water, poor condition of soil due to past farming practices, high cost of fuel and equipment, agricultural theft and lack of reliable markets for harvests to name a few.

The proposed changes will alleviate some of the expense and will spur additional land use. It also has the potential to encourage additional farming that is harmful to the land. Landowners who want to avoid paying taxes on assessed value may feel it necessary to lease their land to commercial farmers in order to satisfy the usage requirements of the new ag designations. Many of these farmers find it beneficial to farm other people's land because the methods they practice quickly deplete the land of nutrients and poison it with chemicals making it no longer able to support crops or, if so, only with the use of even more use of fertilizers and pesticides. I speak from firsthand experience. Parts of our land were abused in this manner and though it has been years since this occurred, it will take many more years to pick up all the trash and repair the soil. We have found 2 worker camps, an abandoned car, several ladies' purses, empty and partial bags of fertilizers and pesticides and huge rolls of irrigation line for which I can only assume the water source was the stream since there is no other water on the land. Many of these landowners are absentees and don't really care about the damage that is done because their goal is investment appreciation. Ours, on the other hand is to hold this land for future family use.

We are using mostly organic farming techniques. We have some spots which we have cleared and which we mow to create mulch for compost. How would this space be evaluated for tax purposes?

31B.4 par A.1.a in defining "active agricultural use" refers to "rows of plantings" to maximize productivity. Why is it necessary to regiment planting when trees especially are more "productive" when allowed adequate space to grow and allow in air and light? It is also healthier from a disease transmission standpoint as well. We have also located some of our fruit trees based on their adjacency to roads on the farm to make harvesting easier and hand watering feasible in the event of dry spells.

I mentioned agricultural theft earlier. Our land was old cane fields and there is a remnant border along the road which is dense, overgrown cane. It serves a necessary purpose in providing a visual barrier to bad actors who might want to trespass for illegal purposes. It is even more important because we do not live on the land. How would that be addressed?

There is a part of our land we call "no man's land". It has a drop off and floods when we have heavy rain. Very uneven ground. I have been informed this could be considered "waste." (I would prefer to call it not arable. It offends me to refer to the 'aina as waste.) While it does not lend itself to haole farming practices without major modification to allow mower access, we see the opportunity to plant 'ohi'a, milo, kamani, loulou palms, hapu'u and lā'au lapa'u medicinals in the future. These aren't "cash crops"

Written testimony  
rec'd 7/10/24 4:34p

but their existence has a greater value. Other landowners around us have taken dozers and tractors to the land and reshaped it. I thought it was illegal to change the contour of the land!!? We all live on the side of a mountain and your sh\*\* runs downhill on your neighbor.

Our dream is to use a small part of our land as space for cultural education. A hale which would be used for classes, demonstrations and tours to be surrounded by more traditional plantings such as mai'a, ulu, manakō, niu and hala. How would this be treated for tax purposes?

Farming is the hardest job in the world! Everything you do requires backbreaking labor and money. There are only two of us and I'm not much of a farm worker, but I firmly believe we are living up to the highest purposes for our land. We are trying to be thoughtful stewards and care for the land for future generations. I hope these goals concur with your tax structure.

Carol Gay Covington

Paul Chang

TMK 28000390000

## Statement

TOM ADAMS

Thu 7/18/2024 1:01 PM

To: Tom Adams

I am requesting the Council reduce the requirement for a minimum of 10 acres to qualify for the agriculture status since that number appears to be arbitrary. I have a 10 acre piece of property that, under the expired NDA, qualified for an ag status since I lease out about 7 acres to a local rancher for grazing. Ranchers and farmers are allowed, under the new program, to aggregate properties to get a 10 acre qualification. I and others like me, lose under the new rules which may result in the ranchers and farmers no longer having access to the smaller properties.

written testimony  
rec'd 7/18/24

A. 300