MINUTES
FINANCE & ECONOMIC DEVELOPMENT COMMITTEE

April 6, 2022

A meeting of the Committee of the Whole of the Council of the County of Kaua‘i, State of Hawai‘i, was called to order by Luke A. Evslin, Chair, at the Council Chambers, 4396 Rice Street, Suite 201, Lihu‘e, Kaua‘i, on Wednesday, April 6, 2022, at 9:09 a.m., after which the following Members answered the call of the roll:

Honorable Felicia Cowden
Honorable Bill DeCosta
Honorable KipuKai Kuali‘i
Honorable Luke A. Evslin
Honorable Bernard P. Carvalho, Jr., Ex-Officio Member
Honorable Arryl Kaneshiro, Ex-Officio Member

Excused: Honorable Mason K. Chock

The meeting proceeded on its agenda items as follows:

Bill No. 2845  A BILL FOR AN ORDINANCE AMENDING CHAPTER 5A, SECTION 5A-11.26, AND SECTION 5A-9.1(a), KAUA‘I COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAX (Tree Farm Development Exemption) (This item was Deferred.)

Councilmember Kuali‘i moved to approve Bill No. 2845, seconded by Councilmember Cowden.

Committee Chair Evslin: This is the Real Property Tax (RPT) Bill introduced by Councilmember DeCosta, to repeal the Tree Farm Development Exemption. We have the Department of Finance here today to answer questions. We have public testimony, which we will take in a second. I want to give Councilmember DeCosta an opportunity to introduce the Bill first, we will take public testimony, and then we can ask questions of the Department of Finance. Ultimately, I will be requesting a deferral at the request of the Farm Bureau who wanted time to review and comment. I want to give an opportunity for questions and discussion before I ask for that deferral today. Councilmember DeCosta, if you want to introduce the Bill.

Councilmember DeCosta: Thank you. I am introducing this Tree Farm Development Exemption Bill only because we want to bring parity and equality to all of our agricultural farmers out there. Right now, this Tree Farm Development Exemption Bill allows landowners ten (10) acres or larger to grow trees for either hardwoods or green energy. I want you to know that when this Bill was introduced
by the agricultural farmers in 1996, we had no idea that we were going to grow trees for energy. It was introduced to grow hardwoods for another industry. Currently, there are zero (0) hardwood industries that have an exemption. We have sixteen (16) that are protected and most of them are doing it for green energy, but some are doing hardwood farms. They are protected, and this will not affect the sixteen (16) who are already exempt. What is going to happen here is we want to create a viable industry where the livestock owners of cattle, sheep, poultry, pigs, et cetera, are able to compete like the tree industry. A tree farmer that has ten (10) acres or larger, does not have to pay property taxes for twenty-five (25) years, or upon their first harvest of the hardwoods. I made a call this morning and I did homework with one of our current tree farmers. Na ʻAina Kai Botanical Gardens & Sculpture Park has one hundred (100) acres of hardwood trees. They sell their wood to Pacific Hawaiian Hardwoods, LLC which is one of the only hardwood companies that manufactures hardwoods. Currently, they are protected under this Bill, because of the grandfathering clause. If you folks think that the tax bill hurts any tree farmers, it does not, because anyone who already has this exemption is grandfathered. We are trying to deter any future landowners who want to come in from the mainland and purchase large parcels, ten (10) acres or larger, grow trees, sit on it for twenty-five (25) years or more, and pay zero ($0) property taxes. Meanwhile, your livestock ranchers with cattle and sheep pay their taxes within their first year of ranching. With that being said, I wanted to ensure that our vision was to bring parity and equality. When you go into business, you rent a building to sell your product or land to grow your product, you are going to have incurred costs. Yes, hardwoods take a little longer to mature and sell. Currently, according to the Pacific Hawaiian Hardwoods, LLC company, they said that this is a specialty commodity, and only high-end contractors building high-end homes buy this wood. The reason I asked Adam on the housing question is because we are going to build one hundred fifty (150) units. Apparently, forty (40) units are for low-income seniors, forty (40) units are for workforce housing, twenty-six (26) units are to support another entity; totaling one hundred fifty-five (155) units. With the price of lumber going up, we do not have a lumber deal with Pacific Hawaiian Hardwoods, LLC to buy wood from them to build these units. Do you know why we do not have an agreement with them? It is not that anyone did not go and look for the agreement, it is because their price per board-foot is more expensive than the Douglas-fir and the wood you can pick up at Home Depot, or the wood that we can ship in. It worryes me that this tax exemption is only to protect a select group of people who are purchasing land of ten (10) or more acres, they can sit on it for twenty-five (25) years or until their first harvest and pay zero ($0) property tax. Property taxes is what runs our island. RPT is our largest income of revenue. I want to ask a very important question to my fellow Councilmembers. Do you know if large landowners pass on the tax break to industries that are leasing the land from them? When they pay zero ($0) property taxes to our County, do they give that break to the tree farmer? I know Green Energy Team is one of our largest users of this exempt Bill. All the areas that they have trees planted are currently protected, it is not going to affect them. I am wondering if they get that same tax break from the landowner that they are leasing the land from. I wonder if they have a guaranteed price per kilowatt-hour from Kaua'i Island Utility
Cooperative (KIUC) to pay for their leases. I know cattle and sheep ranchers do not have a guaranteed revenue stream. They have to go with the nation’s “hoof price” per animal. Sometimes it fluctuates up and it is good, and sometimes it fluctuates down and prices are bad. With that being said, that was my introduction of the Tree Farm Development Exemption Bill to keep equality amongst all, and to incentivize people to raise food. During COVID, I believe, and we spoke about this with our constituents, we learned that food security is the most important thing. During COVID, we did not say, “I wish lumber was cheaper, so that I could build a house.” When the shelves became empty, we got nervous because there was no food. When people who got COVID could not show up at the meat packing plant, we turned to people like Medeiros, Shimogawa, and Vandersloot to put beef onto our shelves. When I drive up Kōloa Tree Tunnel Road and Halfway Bridge, and I used to see all the cattle that used to graze grass; now, there is only trees. I ask myself, what is going to happen if we continue to incentivize large landowners to grow trees, where is our food security? We do not want to pit one against the other, we want to be in harmony to have them both competing at the same level. We want our large landowners to see that both are viable, not one over the other because you have a large tax break. I am done, thank you.

Committee Chair Evslin: Thank you, Councilmember De Costa. We will open for public testimony. I believe we have one (1) registered speaker here today, Mauna Kea. Please state your name for the record. You will have six (6) minutes.

There being no objections, the rules were suspended to take public testimony.

MAUNA KEA TRASK: Aloha, Honorable Committee Chair Evslin and Members of the Committee on Finance & Economic Development. My name is Mauna Kea Trask, and I oppose Bill No. 2845, Bill No. 2846, and Bill No. 2847. These Bills cancel the Tree Farm Development Exemption, the Orchard Exemption, and how the County values wasteland. These are very important tax incentive bills that are critical to promoting and cultivating a strong diversified agricultural industry on Kaua‘i and to keep Kaua‘i lands in the people’s hands. I submitted my written testimony for your careful consideration, and I am glad to hear that some of you read it. My testimony is in support of all agriculture on Kaua‘i. Without a robust and diversified agricultural economy, we cannot survive in these islands.

Bill No. 2845 and Bill No. 2847 violate the tenets of the Constitution, State statutes, and State and County plans concerning agricultural policy. Article 11, Section 3 of the State Constitution clearly provides the State shall conserve and protect agricultural lands, promote diversified agriculture, increase agricultural self-sufficiency, and ensure the availability of agriculturally suitable lands.

Following this mandate, Hawai‘i Revised Statutes (HRS), Chapter 226, the Hawai‘i State Plan makes it clear that planning for the State’s economy with regard to agriculture shall be directed towards achievement of the growth and development of diversified agriculture throughout the State. In addition to the State’s priority on
food, the State shall expand Hawai‘i’s agriculture base by promoting growth and
development of, amongst other things, forestry, food crops, and other potential
enterprises, and increase and development of small scale farms.

These Bills do the opposite. These Bills are “agricultural cancel culture” and
violate the tenets of HRS Chapter 226, including but not limited to, Sections 4, 5, 6,
7, 101, 102, and 103. These Bills also violate the award-winning Kaua‘i Kākou,
General Plan, in 2018, adopted as Ordinance No. 1025. According to the General
Plan, all farmers, especially new farmers, on Kaua‘i face barriers to farming such as
the high cost of labor and land, government regulations, and stringent thresholds and
rules for farmworker housing. The General Plan specifically recognizes the problem
arising from the lack of tax incentives for active agriculture and acknowledges that
government is involved in the success of agriculture and other incentives. Simply
put, if you raise property taxes or decrease tax incentives, this will translate to higher
agricultural lease rents, making it more difficult for new small-scale farmers to access
agricultural opportunities given their lack of access to capital.

To achieve self-sufficiency, the General Plan recommends the following
relevant code changes. Revise the agricultural tax regime, including but not limited
to the Agricultural Dedication program, to increase incentives to lease land for
productive farms, increase incentives to lease land to small farmers through revisions
to the agricultural tax property regime, expand direct financial tax assistance to
agricultural enterprises, and review legislation impacting agriculture on Kaua‘i.

A review of the prior Council minutes makes it clear that the intent of these
Bills is to kill the tree farm and orchard industries, or more politically correct, to let
them go. Such an intent is in direct contradiction of law, all relevant planning and
policy documents, and the will of Kaua‘i’s people.

This is not a local issue versus a non-local issue. I am not on Facebook, but I
have been informed that the impression on social media is that these Bills are “for
the locals,” and will somehow “stick it” to the large landowners. Neither is true.
These Bills will not help locals. In fact, it will hurt and disincentivize local
agricultural entrepreneurship and decrease agricultural opportunities for all of
Kaua‘i’s people. Further, most of the land on Kaua‘i is owned by local companies,
families, or individuals. Like it or not, large landowners like Grove Farm, the
Robinson family, Knudsen, and Kamehameha Schools, are local organizations who
lease their expansive lands to individuals and small farms in furtherance of diverse
agricultural opportunities on Kaua‘i. Further, much of Kaua‘i’s small agricultural
lots are owned by local people. A quick search online of County Property Tax Maps,
quickly show that many locals own ten (10) acres or more acres all over the island.

Tree farms and orchards do not threaten the cattle industry. There is a
misconception that these Bills are necessary because tree farms take away
agricultural acreage and cattle operations. That is incorrect. Diversified agriculture
is not a zero-sum game. Tree farmers and orchard farmers did not oppose the dairy
in Māhā‘ulepū. In fact, cattle appears to be the most supported and subsidized diversified agricultural industry by government on Kaua‘i. According to the General Plan, over forty thousand (40,000) acres are currently used as pasture for grazing animals, whereas commercial forestry only accounts for one thousand seven hundred forty-three (1,743) acres. During the COVID-19 pandemic, the County gave Hartung Brothers, Inc. and Gay & Robinson, Inc. a combined total of one million seven hundred fifty thousand dollars ($1,750,000) in Coronavirus Aid, Relief, and Economic Security (CARES) Act funds to support the cattle industry. During the same time period, the County gave nothing to tree farms, and only forty-four thousand dollars ($44,000) to one (1) orchard farmer. Clearly, tree farms and orchards do not threaten cattle interests. I grew up in Wailua Homesteads in the 1980s. Back then, cattle pastures flanked Kamalu Road and extended to the base of Nounou mountain. Now, most of those pastures are agricultural Condominium Property Regimes (CPRs). There are no tree farms there. I support the cattle industry, and I think more should be done to support the local ranchers. However, these Bills will not make business any easier for cattlemen. I think it is disingenuous to claim that it will.

I have applied for agricultural dedications for cattle ranchers. It is a difficult process, and the County does not make it easy to obtain them. Harming one agricultural industry does not help another. If you want to help the cattle industry, then help them, do not hurt the tree farmers or the orchard farmers.

The County is in a good fiscal state. These Bills subtly suggest that the County is losing much needed revenue to unnecessary tax advantages/incentives for tree farmers and orchard farmers. However, I do not think the County is hurting for money. Real property values have skyrocketed on Kaua‘i over the last few years. All our property taxes have gone up three point five percent (3.5%) in 2020 and seven point two percent (7.2%) in 2019.

Committee Chair Evslin: I am sorry, Mauna Kea, you are at six (6) minutes. You can wrap it up.

Mr. Trask: Okay if I can wrap it up, please. Eleven percent (11%) in 2018. In conclusion, I would like to ask that you retain these exemptions and defer these Bills until a working group comprised of farmers and landowners on Kaua‘i and their citizens can review them, and provide their input. If there are questions unknown regarding tree farms and orchard farmers, then you should defer. There should be nothing unknown at this point. We need to support all agriculture; all agriculture is good. Thank you.

Committee Chair Evslin: Thank you, Mauna Kea. Are there any clarifying questions?

Councilmember DeCosta: I want to make sure that the County Attorney is listening. I would like him to check on some of the points that Mauna Kea brought up, so we are not breaking any laws. I would like to hear from Matt on what Mauna
Kea touched on regarding the law part of it. I have a couple of questions to ask Mauna Kea.

Committee Chair Evslin: Do you want to ask your questions to Matt?

Councilmember DeCosta: I want Matt to answer on the violations that Mauna Kea is claiming our County is making.

Committee Chair Evslin: Okay. Matt, are you on right now? Ask your clarifying questions to Mauna Kea, followed by Councilmember Cowden, then we can talk to Matt.

Councilmember DeCosta: I have several questions for Mauna Kea.

Committee Chair Evslin: I am sorry, Matt; we will come back to you in a second. Clarifying question, Councilmember DeCosta.

Councilmember DeCosta: Do you want to go first?

Councilmember Cowden: I have a simple clarifying question.

Committee Chair Evslin: Councilmember Cowden.

Councilmember Cowden: Mauna Kea, I believe the last time you were here, you talked about lobbying. I want to be clear. Are you currently representing any large landowners with orchards or tree farms?

Mr. Trask: I have not been retained. As I said earlier. I have not been retained by any clients to lobby for this Bill, or to apply for any tree farm exemption. As the Bills have stated, I do not think anyone has been granted since I left the County, to answer your question.

Councilmember Cowden: You are not answering my question.

Mr. Trask: I am getting to it. I represent large landowners, but without any relation to tree farms. For example, I represented Grove Farm regarding lease tenant disputes. They may or may not have tree farms, I do not know. Before when I said, I do not know if this will affect... I looked at the County's Lobbying Law very carefully before I testified last time. The definition of lobbyist says something to the effect that you have to spend seven hundred fifty dollars ($750) within a fiscal year, lobbying for a bill. I have never done that. To my best estimation, I am not a lobbyist.

(Councilmember Carvalho was noted as not present.)
Mr. Trask: However, if I am wrong, I know I can register five (5) days after this. If someone wants to provide me clarification, I have no problem registering. I never expended money, and I do not think I come under the definition of a lobbyist.

Councilmember Cowden: If I can clarify my question. I was not saying you were a lobbyist. I was not asking if you were a lobbyist. I acknowledge that you already addressed that. I simply asked, are you currently representing any of the landowners that are facilitating with the Green Energy Team, because it sounds like he has the biggest concern. Are you representing either or any of the land that has the trees that grow for the Green Energy Team?

Mr. Trask: I do not know who that landowner is.

Councilmember Cowden: Grove Farm would be one.

Mr. Trask: I currently represent Grove Farm in Landlord-Tenant matters.

Councilmember Cowden: Okay.

Mr. Trask: But not on that property, for other properties.

Councilmember Cowden: Understood. I just wanted you to be able to clarify.

Mr. Trask: That is fine.

Committee Chair Evslin: Councilmember DeCosta, do you have a clarifying question?

Councilmember DeCosta: Hello, Mauna Kea.

Mr. Trask: Morning.

Councilmember DeCosta: The last time I saw you was last week Sunday when I helped save your dog. Is your dog doing better?

Mr. Trask: I need to say, she is doing much better. Thank you so much. I really appreciate the ability to provide concerns regarding this Bill and try to help to improve it. Knowing that we can still be friends and be men about this, and you told me that. I think that is wonderful.

(Councilmember Carvalho was noted as present.)

Councilmember DeCosta: My questions will be ethically and from the heart. I noticed that you said cattle ranching is important and we have not displaced
any cattle ranchers because of the Tree Farm Development Exemption. Mauna Kea, when we used to drive through the Kōloa Tree Tunnel and Halfway Bridge, there used to be a family that raised cattle and provided meat to the Shimogawa contract that makes hamburger for different stores. His family was displaced. Now, we have a bunch of trees. It breaks my heart because we spend so much County funding to weed eat the guardrails out on the North Shore. When I drive past the tree farm in Kōloa and Halfway Bridge, I see rows of well-manicured dirt, and it does not look like it is cut, it looks like it is sprayed with some kind of...

Committee Chair Evslin: Councilmember DeCosta, do you have a clarifying question?

Councilmember DeCosta: I do. The clarifying question I have for you is, are you sure that you can point out that cattle ranchers were not displaced with tree farmers taking over their property?

Mr. Trask: No. But I tried to find out. I called the Council to see if there was any information that could show that, because that is relevant and pertinent information to these Bills. The introducer and the Committee Chair both have the kuleana to obtain all relevant information. So, I was not. Growing up on Kaua‘i, I remember those cows and there was sugar on the other side. You used to be able to see the water from Kahili, you no longer can. It is mostly guinea grass and over time there will be trees. I do not know if it was trees that displaced it. I know that cattle are not a money-maker and that is why they need this help and the tax breaks. I did not know that the Shimogawas were the ones who did it, but we should support them. Again, at forty thousand (40,000) acres versus one thousand seven hundred forty-three (1,743), without any information that I can obtain from you on this Bill, I do not know where it is coming from. They should not be displaced, but I think there is enough acreage for everyone...and that is was the laws and the plans say.

Councilmember DeCosta: Since you mentioned to Councilmember Cowden that you represent Grove Farm, not on this specific matter. Do you know if the large landowners pass on the Tree Farm Development Exemption, zero ($0) property tax break for twenty-five (25) years, to the lessee? Is that available for them? Do you know if they do that or is that disclosure kept to themselves, and they are charged the current rate?

Mr. Trask: Again, I do not know. I do not think it is my burden of proof for production to give that information to you. That is something that you can obtain. Further, I never represented Grove Farm regarding trees, so I would not know. I do know, and in general I have seen their agriculture leases, they are very generous agriculture rates. I do not think any of the farmers behind Walmart could afford it if they were charged the rent that residents need to pay for rent. Absolutely not. Again, I am not trying to denigrate cattle. I grew up in Wailua, and they are the toughest people I know. There is more than enough help. To my
understanding, the County had a thirteen million dollar ($13,000,000) surplus last year. There has been an eleven percent (11%) increase on tax revenue. My taxes have increased eleven percent (11%) since 2018. Has there been an eleven percent (11%) increase in services and efficiency that help the community? It does not seem so, but if there has, show it to us and show it to the people. Prove it, prove the Bill, these Bills. I do not think it is so much to ask.

Committee Chair Evslin: Are there further...

Councilmember DeCosta: Yes, I have more. I wanted to ask you...

Committee Chair Evslin: Yes, Councilmember Cowden.

Councilmember Cowden: Yes. I have a point of order. You know very well as the former County Attorney that you are being treated like an expert witness. I think this is excessive. This is supposed to be a six-minute testimony. This is not appropriate.

Councilmember DeCosta: My questions?

Committee Chair Evslin: Councilmember Cowden asked two (2) questions. One was regarding landowners passing on the leases, which was in Mauna Kea’s testimony...

Councilmember Cowden: He is getting more response time than the testimony time. He is basically able to come in and make a half-hour argument.

Councilmember DeCosta: I want to back her up on that. Mauna Kea, please keep the County services and leave what we do with our taxes out. I believe that was unfair of you to say that. We are not talking about what we are doing with the money and services. We are talking about land, cattle, trees, and orchards. Thank you for that.

Mr. Trask: I apologize.

Councilmember DeCosta: That is okay. My next question is, I asked the Housing Director about a certain company Pacific Hawaiian Hardwoods, LLC, and if we were going to use some of their lumber that they are milling to build our affordable housing. Why I am asking you this question is...they buy most of their lumber from Na 'Āina Kai Botanical Gardens & Sculpture Park. Do you know that hardwoods company?

Mr. Trask: I do not, but I am familiar with their park that they have for the children.
Councilmember DeCosta: Do you know that they sell hardwoods to Pacific Hawaiian Hardwoods, LLC?

Mr. Trask: I do not.

Councilmember DeCosta: Do you know that they mill 2x4, 4x8, 4x4, and all sorts of lumber?

Mr. Trask: I did not, but it is good to hear.

Committee Chair Evslin: clarifying regarding his testimony.

Councilmember DeCosta: I am. He told me that he does not want to kill a viable industry. The point I want to make is that this is a select commodity of hardwoods. My clarifying question is, do you know if this item is considered a specialty commodity or is it a hardwood that most locals put in their homes? That is what I want to ask you.

Mr. Trask: I do not; but as a lifelong resident of Kaua‘i, I did not even know it was there. Why should Na ‘Āina Kai Botanical Gardens & Sculpture Park be the only business that can do hardwood? New farmers should be able to do it, too. I do not see why we are cutting it off, we should keep it going.

Councilmember DeCosta: I can answer that.

Mr. Trask: I would love to have Hawaiian hardwoods in my house. I will go check today, honestly. My wife would love it.

Councilmember DeCosta: I can answer that for you.

Councilmember Cowden: No.

Committee Chair Evslin: You can answer that in discussion.

Councilmember DeCosta: So, I do not answer?

Committee Chair Evslin: No. I want to avoid having a discussion here, but you can continue to ask clarifying questions.

Councilmember DeCosta: I think the discussion is fruitful. I do not see it going in the wrong way.

Committee Chair Evslin: We can have it during discussion.
Councilmember DeCosta: Okay. The last thing you said the County was going to displace or not encourage, we should be encouraging... my clarifying question is, do you know that we already grandfathered sixteen (16) of these protected hardwoods and green energy—tree to energy farms? It shows that the County is in good faith, and we are looking after the people that already have the tax exemption.

Mr. Trask: I did not know that they were grandfathered in. According to the General Plan, you are supposed to continue to incentivize and continue to support. Why would you only support sixteen (16) and kill it for the ones that want to come up? For example, I talked to Kaina Makua. He would have loved to do a local Hawaiian hardwoods farm. This will not let him do it. Why would you not do that? I do not get it. If I am wrong, get the information. Talk to the Farm Bureau, figure this out. I am ignorant. I will be the first to admit, I am ignorant. I tried to educate myself and there was nothing there.

Councilmember DeCosta: I am almost done.

Committee Chair Evslin: Is it a clarifying question?

Councilmember DeCosta: Yes, it is. You are not ignorant, but when you come before us as a testifier and you are a lawyer, you scare a lot of people. We do not want you to scare people who are going to support this. We want to provide accurate information. Do you believe that your information you gave us today was all accurate?

Mr. Trask: First, let me say, even when I was here, my advice probably was listened to less than fifty percent (50%) of the time.

Councilmember DeCosta: A simple "yes" or "no."

Mr. Trask: Let me see. I believe one hundred percent (100%) that everything I said here today is true. I reviewed the Constitution, I reviewed the Hawai'i State Plan, and I reviewed the General Plan, all on my own time for no compensation whatsoever. I did the best that I could. Again, I tried to get your evidence and your information without any success. If I am wrong, I will admit it. I have no problem saying that I am ignorant, it only means that I do not know. That is the best that I can say. I think I am right.

Committee Chair Evslin: Councilmember DeCosta, are there any further questions? Council Chair Kaneshiro.

Council Chair Kaneshiro: Based on your testimony and what you said, I want to clarify. Do you know that people can still do tree farms and orchards? This Bill does not kill the ability to do tree farms, anyone can do tree farms on any number of acres they want.
Mr. Trask: Correct. It does not kill tree farms. You can still do agriculture on agriculture. According to the General Plan, the County is supposed to support that with incentives and tax breaks, in a form of tax breaks and grants.

Council Chair Kaneshiro: My next question. Do you know that although they will not be able to get this twenty-five-year exemption, they will be able to get an agricultural dedication, which ranchers and diversified agricultural still get? There is still an incentive for tree farmers, which is available.

Mr. Trask: I do not know that. The reason why is because there is a timeframe. You have to show commercial profitability. Again, for six (6) to twenty-five (25) years, I do not think you can show that. I have never done one, but in doing research that is what I understand. I do not know. I understand that there may be modifications via the Agricultural Dedication Program. I do not know if the one we have now is the same that we will have next year. I do not know, I just do not know, again, ignorance.

Council Chair Kaneshiro: Clarifying. You used harsh words when you said that we were violating the tenets of the Constitution, State statutes, and State and County plans concerning agricultural policy, when there is still the ability to dedicate their farm.

Mr. Trask: Let me clarify on that. Those are plans. That is the State plan, the policy set statewide. I think this is in contradiction to the policy. I do not think anyone is going to go to jail for it, I do not think anyone is going to get fined for it. We won an award for the best General Plan in the nation in 2018 that says increase tax incentives, and this decreases it. It just appears to be against it.

Committee Chair Evslin: Members, are there any further questions?

Council Chair Kaneshiro: Again, even when you reform an agricultural dedication program, there might be changes to it. Some might increase and some might decrease, who knows what is going to happen. Anything we do moving forward...it seems that you are taking the stance that the only way agriculture can be okay and not violate these plans is if it continues to decrease or end up zero ($0) for all agriculture. Once you get to that point...we are already highly subsidizing agriculture. It is already a small amount.

Mr. Trask: If that was the conclusion in my testimony, that was not my intent. I am not a farmer; I am a lawyer. The farmers were not consulted on this Bill. I think you should talk to the Farm Bureau, talk to the tree farmers, and see what they need. I would not know. I just read the law and it seemed contrary to it.
Committee Chair Evslin: Members, are there any further clarifying questions? Alright, thank you for your testimony.

Mr. Trask: Thank you so much. Aloha.

Committee Chair Evslin: Is there anyone here to testify via Zoom remote technology? There is no one. Are there questions for the Department of Finance? While the rules are still suspended, Councilmembers may ask questions of the Administration. Councilmember Kuali‘i.

Councilmember Kuali‘i: Reiko, after reviewing a lot of this last night, what came to mind is, I want to see numbers. I want to see a comparison and analysis of... I do not know how much work it will take. As an example, we have the Green Energy Team, who is obviously a big successful entity for renewable energy, and everyone supports it. They are doing good things. They took advantage of this tree farm break. If you could compare... I keep hearing that agricultural dedication will be good. I want a numbers comparison. Say, Green Energy Team came to us and wanted to do everything they did, and we did not have this Tree Farm Development Exemption, what would they have gotten with just the agricultural dedication? If the numbers could go side-by-side, I want to see what the difference is. It is obviously not something you can do right now, but we are deferring this Bill. My hope is that you can provide something.

REIKO MATSUYAMA, Director of Finance (via remote technology): Councilmember Kuali‘i, I can give you that. We did an analysis on one (1) Green Energy Team parcel that is one thousand one hundred sixty-five (1,165) acres. I think total, they have just under three thousand (3,000). A little of a third of the total land that they have for their tree farm. It is one thousand one hundred sixty-five (1,165) acres. They have a building on it, so they pay four hundred twenty-two dollars ($422) for their building, but zero ($0) for everything else. In total, they pay four hundred twenty-two dollars ($422) a year. Under the current Agricultural Dedication Program, their annual tax bill would increase to eight thousand two hundred dollars ($8,200). It is quite substantial, and it would go from four hundred twenty-two ($422) to eight thousand two hundred dollars ($8,200). It would be the same kind of rate for any diversified agriculture that an Agricultural Dedication Program would get. With that being said, if they did not have any tax relief and they did not get into the Agricultural Dedication Program, their annual tax bill would sixty-eight thousand five hundred dollars ($68,500). It is a huge tax break to get into the Agricultural Dedication Program as opposed to being set with market values.

Councilmember Kuali‘i: I would bet that Green Energy Team, from the beginning, I think they had something like an eight million two hundred thousand dollar ($8,200,000) investment to create this. They crunched out their numbers based on this incentive. Taking away this incentive will disincentivize the next green energy company. Would you agree?
Ms. Matsuyama: Yes, I would agree that they relied on the Tree Farm Development Exemption when they did their cost modeling projections, et cetera. That is the reason for the grandfathering. They remain in the program until their first harvest or twenty-five (25) years. As far as new tree farms go, I think that is just a policy call. Councilmember DeCosta is arguing that it should not be any more advantageous than any other agricultural operations.

Committee Chair Evslin: Council Chair Kaneshiro has a follow-up question.

Council Chair Kaneshiro: Just to follow up. I wanted to clarify that a tree farm like Green Energy Team, they harvest within five (5) to six (6) years. Within five (5) to six (6) years would be their first harvest, so they will have to pay dedicated RPT rate within that timeframe. It would not be twenty-five (25) years out.

Councilmember Kuali'i: That was going to be my follow-up question. The Tree Farm Development Exemption is for the time that the trees grow. When they harvest it, it goes away? It is more than six (6) years and less than twenty-five (25) years. What happens if they replant in the same area? Does it continue to have the exemption?

Ms. Matsuyama: No. I believe it is after first harvest.

Councilmember Kuali'i: After first harvest.

Ms. Matsuyama: Even the current law states that they cannot have back-to-back Tree Farm Development Exemptions. They would have to go and apply for the Agriculture Dedication Program.

Councilmember Kuali'i: Reapplying after twenty (20) years of being in the Agricultural Dedication Program. You talked about three thousand (3,000) acres total. As the groups of fifty (50) acres, one hundred (100) acres, as they grow to the point of harvest and being harvested, those acres come out of the exemption. Eventually when all of the acres are harvested, then they all come out of the exemption.

Ms. Matsuyama: I might have to defer Mike regarding the mechanics of it.

Councilmember Kuali'i: The follow-up to that is, how far along are we with Green Energy Team as far as their acreages no longer being under the exemption?

MIKE HUBBARD, Real Property Tax Manager (via remote technology): For the record, Mike Hubbard, Real Property Tax Manager. There are a few good points
in there. One of them that was brought up on the floor said that Green Energy Team can typically harvest under six (6) years. Currently under the rules, you cannot get a Tree Farm Development Exemption for harvesting under six (6) years. If Green Energy Team has changed from what initially started with growing Albizia trees for a different purpose and has now shaped into Green Energy Team harvesting those trees, that initial harvest should have come out of the tree farm. That was Councilmember Kuali‘i’s question. Yes. When they harvest, they will come out of the Tree Farm Dedication that following year. The Ordinance says that they will go into a twenty-year Agricultural Dedication. They would still need to apply for it, tell us, and communicate; but yes, they will go into a twenty-year Agricultural Dedication.

Another question that was brought up earlier—can a tree farm get a twenty-year Agricultural dedication? Specifically in the Ordinance, it says that they will go into a twenty-year dedication. It seems a little confusing that would be a question because it is clear in the Ordinance. I think I responded to your two (2) questions.

Councilmember Kuali‘i: Can you repeat what you just said that it would seem confusing. I was confused by your answer.

Mr. Hubbard: I am sorry about that. In the current Tree Farm Development Exemption Ordinance, it says that after the initial harvest of the tree farm, it will go into a twenty-year Agricultural Dedication, and they can apply for that. There was a question earlier during public testimony that said, we were not sure if a tree farm could get an Agricultural Dedication. I was just referencing that it is currently in the Ordinance. It is very clear to our Department that a tree farm would be able to get an Agricultural Dedication.

Councilmember Kuali‘i: My only thing on that is, and I think you said this already, you could talk about the tree farm, but over the years, there are groups of acreages that come to harvest and others that do not. The tree farm itself will lose portions of its exemption over time, and eventually lose the entire exemption when they go into replanting the acres by portions.

Mr. Hubbard: That is correct.

Councilmember Kuali‘i: It goes away for the existing tree farm and the incentive is there for tree farms, correct? To incentivize new tree farms.

Mr. Hubbard: Okay. New acreage could come in, and as for a new tree farm...an existing parcel that had a Tree Farm Development Exemption on it will not harvest and then come in and ask for another Tree Farm Development Exemption. The Ordinance only allows for us to give it out one (1) time, and it cannot be back-to-back. If I am understanding your question correctly, what the current Ordinance allows for us to do is give a tree farm an exemption for twenty-five (25) years until its first harvest. It will then transition to a twenty-year Agricultural
Dedication. It may be possible for them to get a new Tree Farm Development Exemption after that additional twenty-year Agricultural Dedication. We are talking about forty-five plus (45+) years.

Councilmember Kuali'i: I think part of the confusion is that you think I am talking about the existing farm doing a new farm. I am talking about other new farms. My question alludes to the thing that you are providing this grandfathering in of the existing ones, but the existing ones by nature of when it comes time to harvest, will all go away. For this to do its original purpose of incentivizing more of our lands being green and growing forest, then the incentive has to be there not for current farms, but additional farms in the future beyond the Agricultural Dedication. I get that the Agricultural Dedication is one level of incentive, but not wanting to provide an incentive going forward for new farmers, correct?

Ms. Matsuyama: Yes. That is correct.

Committee Chair Evslin: Council Chair Kaneshiro, did you have a follow-up?

Council Chair Kaneshiro: Do not quote me on the five (5) to six (6) year cycle. I was trying to make an example that they do not wait twenty-five (25) years before they cut. I am not here trying to say that they are cutting early, so do not take out their dedication. I was trying to use it as an example that some of these tree farms cut before twenty-five (25) years. That would be their first harvest. If they dedicate it, they will pay based on the dedicated agricultural rates.

Committee Chair Evslin: Councilmember DeCosta, do you have a follow-up?

Councilmember DeCosta: Yes. I wanted to follow up on what Councilmember Kuali'i brought up. There is a potential loophole. The reason why I introduced this Bill was to hold everyone accountable with parity and equality. Green Energy Team is just a company who leases land to grow trees. They pay a lease to large landowners. We asked the testifier, who is also a lawyer, if they have an incentive break. He does not know, and we do not know if they are getting the break. We know that Green Energy Team buys trees from other landowners and other tree farmers. What happens when they harvest their trees in ten (10) or fifteen (15) years and they decide not to lease that parcel, it is leased to another person for trees, but they are still buying the trees off that person? Now you turned the twenty-five-year lease...no property tax, follow me, Councilmember Kuali'i? As Council Chair Kaneshiro said, fifteen (15) years that they may harvest early, maybe not. Now, they no longer want to grow trees. They know that if someone else grows the trees for another twenty-five (25) years, they have the Agricultural Dedication, but they will still buy the lumber to burn. Now you have fifty (50) years with no property tax, that is a loophole.
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Committee Chair Evslin: Can I turn that into a question—is it possible for someone to do what he is saying? A current land lessee gets the Tree Farm Development Exemption. They lose or give up the lease after twenty-five (25) years. The new lessee comes in and tries to get the Tree Farm Development Exemption, again, on the exact same piece of property with no agricultural dedication in between. I believe that was you were saying?

Councilmember DeCosta: To grow trees.

Committee Chair Evslin: To grow trees. Is that possible?

Mr. Hubbard: It is a technical question with some assumptions built into it. If I understand the Ordinance correctly, if a tree farm fails to perform, it should be rolled back, if you will. If they pay all their penalties and interest in the rollback, the new tree farm operation can come in and get a new Tree Farm Development Exemption. It is not quite where you can get two (2) back-to-back tree farms from a different company. The RPT Office is not looking at the owner that is asking. We are applying an exemption to a property.

Councilmember DeCosta: Mike, you misunderstood my question. My question was if that lessee successfully harvests his or her thousand acres of trees and decides that they are done growing trees on that piece of property. They have another piece of property that they are going to (inaudible) and they are going to give up that lease. That large landowner can lease it to someone else to grow trees, that person or company can get the Tree Farm Development Exemption, but Green Energy Team can still buy trees from that company. They grow the trees; they do not burn it. Green Energy Team is the energy company that buys and grows trees. Can that happen, Mike?

Mr. Hubbard: I will apologize, my brain is thinking about RPT and what we typically see. I want to make my understanding clear. I am not going to give back-to-back tree farms on the same parcel. Councilmember DeCosta, I understand correctly, there could be a new lease next door. Yes, then you can get a brand-new Tree Farm Development Exemption on a leased property next door to a property you were just harvesting on.

Committee Chair Evslin: Are there any further questions?
Councilmember Cowden.

Councilmember Cowden: Yes. When was the Tree Farm Development Exemption Ordinance changed to be ten (10) acres or more, it used to be less?
Mr. Hubbard: To my understanding, it was always ten (10) acres. We have a few smaller Tree Farm Development Exemptions that combined ten (10) acres in size. Two (2) neighboring parcels.

Councilmember Cowden: Yes, okay. For clarity, when CPRs were first designed and developed in the 1990s, that came because there was an economic crisis that happened on the North Shore. The CPRs are affordable housing fleeing out of Hanalei and areas like that. I had to figure out how to frame this as a question. Are you aware that there were sales pitches as people were looking to buy these CPR pieces that they could put tree farms on there? There were people from Japan who were going to be purchasing these trees. They were going to be purchasing them as a collective. At that time, Waikoa had the largest Mahogany forest in the United States. Anaina Hou Community Park started theirs at the same time there was this collective effort to be growing all this Mahogany for this market that was going to be there. It was a lot of small homeowners. Not small pieces of land, maybe three (3) acres, but it was what they could afford. It was their flee to a place where they could live. People get attached to these trees. You might be aware that it is not sitting on land. It takes a lot of watering, a lot of maintenance of those trees, and a lot of cutting and thinning. Typically, when those trees get cut and thinned, they get dried out, and it is a big process. It is sold to someone who makes furniture. It was a very small-scale agriculture, but are you aware of that history of how all these tree farms that leased in this Northeast part of the island began and they were collaborative amongst neighboring parcels? To go in and tear out these forests...it might sound crazy, but it is emotionally difficult for the people who cared for these trees. Are you aware that is what happened and how that land was sold, and this is what helped those lands to be affordable for people? They metaphorically banked on the fact that the Japanese would be buying these trees, and then that market died. It was their plan. Are you aware of that history?

Ms. Matsuyama: I will take this. No, I do not know the history with what you are specifically talking about. We all have to remember that this is an equity issue. We are trying to put everyone on the same playing field. Right now, they have an advantage. They have an advantage with basically paying zero ($0) for their taxes. We are trying to put all agriculture on the same playing field and make it an equitable situation.

Committee Chair Evslin: I have a few questions. Are you done? Part of my own hesitation has been not quite understanding the intent or maybe hearing different intents. Councilmember DeCosta, you said in your opening that part of your intention is to try to deter future tree farms and push them to go into producing food crops. What I have heard from the Department of Finance is this idea of ensuring that there is equity. One (1) system for everyone. Not necessarily lifting or pushing down any industry. I guess the question is which is it, or is it possible that it is both? Is the intention to deter tree farms, or do you think that would be the result here and that tree farms will be deterred in the future, or not?
Ms. Matsuyama: I would say it is an equity issue. Like I said, we want to put everyone on the same playing field. Our Agricultural Dedication Program is very lucrative to the agricultural industry. It provides a lot of tax relief to farmers. To Council Chair Kaneshiro’s point earlier, we are not taking away any kind of tax relief. We are not eliminating tax relief; we are putting everyone on the same playing field. There is a second part to your question and to say if you think that it would deter future tree farm operations. No. Like I said, I do not think so because they are still going to be providing a lot of tax relief through the Agricultural Dedication Program. Taxes will be built into their models when they are going forward, as any other business that operates on-island.

Committee Chair Evslin: Okay, thank you. Councilmember Cowden has a follow-up, followed by Councilmember DeCosta.

Councilmember Cowden: Okay. Where I see a difference is that when people who invested in these trees, it cost a lot of money for a while with no return. You have to water them, mowing around them, it is not trivial at all. My understanding of an Agricultural Dedication is that you have to be able to show proof of income of thirty-five thousand dollars ($35,000) a year. Quite frankly, I do not think it is that high of an income. When you are growing trees, even when you are looking at orchards, maybe it is four (4) years before their first yield. Maybe eight (8) years before they have an abundant yield that is something that would be worth the investment. If someone was growing wood and hardwoods to have a resilient and sustainable island in case shipping stopped, or to be making instruments, furniture, et cetera, how do they get around that thirty-five thousand dollar ($35,000) a year income requirement that is from sold product. I think that this is the big difference between cattle. Kalo can be a fourteen (14) month cycle. It is a problem; it is not lendable. There is a substantial difference in time between when these products are sellable. With hardwoods, you have to let them sit for quite some time to dry out and cure or the wood will crack. Let her answer first.

Ms. Matsuyama: Mike, I will take this question and you can also comment as well. It is no set requirement. There is no thirty-five thousand dollar ($35,000) set requirement, but we analyze profitability. We want the Agricultural Dedication Program to incentivize commercial type farmers that are really providing sustainability, food security, et cetera. When we analyze a petition for Agricultural Dedication, we look at profitability, Schedule Fs, and General Excise Tax (GET) returns. If the model is that you are not going to produce income...Councilmember DeCosta can comment more on this, I know that cattle operations are not going to get revenue in their first few years of operation. If your model, your marketing plan, and your timetable for implementation is reasonable and you maintain it, but you are not going to be getting a profit, you would be eligible for an Agricultural Dedication.

Councilmember Cowden: Thank you. I am sorry. The thirty-five thousand dollar ($35,000) came from the Agricultural Housing Bill. I am sorry I
conflated those. It gets confused often. The people who are doing the tree work and orcharding, it is a lot of work to harvest all this fruit and it is a lot of work and takes skill to bring the trees down if they are of any real size. When I hear them bringing up the thirty-five thousand dollars ($35,000), it is wanting to have someone on the property. Thank you for clarifying that confusion. Still, it could be years before there is real money being made. Sometimes resilience is more than about money. I understand that is different than RPT, but a resilient island is more than just dollars earned. Thank you.

Ms. Matsuyama: If I can clarify one more thing. I want to make sure that we are all on the same page. There are no orchard exemptions currently in place. I am just putting that out there.

Councilmember Cowden: Okay.

Mr. Hubbard: I want to provide one point of clarification. To most of Councilmember Cowden’s questions, it was relating to small CPR parcels even though Na ‘Aina Kai Botanical Gardens & Sculpture Park and Joan Porter’s Anaina Hou Community Park were mentioned, which are two (2) of the parcels that have tree farm exemptions. The discussion today is about tree farms. That is the ten (10) acres or more and that is this tax-free program that we have. I believe a lot of those that Councilmember Cowden is talking about participates in our Agricultural Dedication Program, which are smaller properties, that are under ten (10) acres, receiving forestry dedications from our Office. Thank you.

Councilmember Cowden: Thank you.

Committee Chair Evslin: Councilmember DeCosta.

Councilmember DeCosta: I am glad that we are talking about thirty-five thousand (35,000), because that was geared towards agricultural housing. That is what I was going to clarify. I am sorry if I interrupted, Councilmember Cowden. Committee Chair Evslin, I wanted to clarify something with you. You made a comment that it seemed like I wanted to disincentivize tree farmers. Real Property Tax was just trying to put everyone on a level playing field. My objective in introducing this was to put everyone on a level playing field. I said that because I was worried of the displacement of cattle farmers...I used an area as an example where they are being displaced. We have a lot of properties on the North Shore that were just purchased or will be purchased in the future that could displace more cattle ranchers out there. When we are talking about a tree farm, and this is to clarify what Councilmember Cowden said, it takes little care, almost zero (0) care, if you are in an area with good rain precipitation. Look on Kaua‘i, we have forests that are unmanaged and trees all over the place. It grows naturally, except in the very dry areas of the Anahola oceanside or the Robinson oceanside. Otherwise, trees grow fruitfully with little or no care. My clarifying statement is that I personally own ten and a half (10 ½) acres and when I went to the County ten (10) years ago, I did not
qualify to grow trees. If I wanted to dedicate my lands into the Agricultural Dedication Program, I would have to have fencing up on the mountain. I could not even get a cattle dedication. I am shooting myself in the foot with this Bill, but this Bill has to be for everyone on Kaua‘i. The reason I introduced it is because most locals do not own ten and a half (10 ½) acres. The locals who already have that acreage in cattle or in trees are exempt and they are going to be grandfathered in. This is to deter any new, large landowners who want to purchase land or a CPR lot and grow trees to have a loophole to pay our County fair and equitable property taxes. Thank you.

Committee Chair Evslin: Thank you. Part of my question was around that idea of deterring people from doing this. I do not think there is necessarily any difference in deterring people looking to purchase land or existing landowners. It is the deterrence that stands out. At first reading, you mentioned that it was time to let this industry go. It was that concept versus what I am hearing from the Department of Finance as them saying that these owners should all be able to apply through the Agricultural Dedication Program, and that we should simplify it and do one (1) program.

Councilmember DeCosta: I am sorry if I used that word “deter.”

Councilmember Kuali‘i: I have a follow-up question for them.

Committee Chair Evslin: Go ahead, Councilmember Kuali‘i.

Councilmember Kuali‘i: My follow-up question for what they are talking about is, is the process for getting the Tree Farm Development exemption to begin with, one where you require them to actually be a tree farm...to have a plan, to project out what they are growing, when they are selling it, how much money they are going to make, when they are going to break even, make a profit, and all of that, right? They cannot just be taking advantage of this just to hold onto the land, right? They have to be a tree farm. We only have one (1) tree farm.

Councilmember Cowden: No.

Committee Chair Evslin: Sixteen (16).

Councilmember Kuali‘i: Are they not working? The fear of this is not happening, right?

Ms. Matsuyama: Yes, currently we have six (6) pages of Administrative Rules on tree farms. We have the process documented. They do have to prove their plan, et cetera. They cannot just sit on it and land bank. It has to be a legitimate operation.

Councilmember Kuali‘i: Thank you.
Committee Chair Evslin: In trying to do some research on the extent of tree farming on Kaua‘i, the only thing I could really find was a United States Department of Agriculture (USDA) five-year census report in 2012 and 2017. They have not yet come out with one for 2022, as far as I can see. They show our total land acreage and what percentage is in each industry. It shows sixty-six percent (66%) of our agricultural land being used for pastureland and only six percent (6%) being used for woodland. I do not know if all six percent (6%) is receiving Tree Farm Development exemptions. That data is old and from 2017. Does that align with what your general impression is currently of our usage around agricultural land? Is it approximately two-thirds (2/3) for pasture and six percent (6%) for tree farms? Has it changed or is it different?

Ms. Matsuyama: Mike, I will have to defer that to you.

Mr. Hubbard: That sounds about right. We have not studied that recently.

Committee Chair Evslin: Okay, thank you. The only reason I am asking is that I think in what Councilmember Kuali‘i was kind of alluding to there is that it is not necessarily a problem here in that trees are taking over the island if it is only that small fraction that is getting the Tree Farm Development exemption. Councilmember DeCosta.

Councilmember DeCosta: For your information, we have to look at how long Green Energy Team has been in business. That is probably why only six percent (6%) of our trees are in that category. If Green Energy Team has only been around for six (6), eight (8), or ten (10) years, it shows the reason why we had cattle for so many years. The point of this was not to lose cattle to the trees for green energy.

Committee Chair Evslin: Along those lines, that same USDA data showed that we lost seven thousand four hundred (7,400) acres of agricultural, tillable land between 2007 and 2012. It fell out of productivity in some capacity. I had actually heard Jerry Ornellas in 2013 use that figure when talking about the plight of farming on Kaua‘i and our steady decline in productive uses of agricultural land. It showed it being relatively stable in 2012 through 2017. Any impression on the state of our agricultural lands from 2017 to 2022, just because that data is not available. I cannot find it in the data from the USDA. I was wondering if you might have it. Are we seeing an increase in agricultural uses on agricultural land, or are we seeing a decline, or is it stable? Just before you answer, the reason that I think it is relevant is because we keep talking about agricultural use as if it is zero—sum, right? Tree farms are taking away from cattle. Whereas, it seems that the trend in the early 2000s was just the loss of agricultural land, either sitting totally fallow, or as Mauna Kea alluded to, turning into five-acre CPR estates in some capacity. What is your impression from 2017 to now on the use of agricultural land here on Kaua‘i?
Mr. Hubbard: I do not think I can comment on...we definitely do not participate in those USDA studies to my knowledge, at least my Division. Maybe some of the data from our Department is used. I would be reluctant to comment anymore beyond that.

Committee Chair Evslin: Have you seen an increase or decrease in Agricultural Dedication or maybe that can be a follow-up on the number of Agricultural Dedications over time, or total acreage in Agricultural Dedication plus Tree Farm Development exemptions in total?

Mr. Hubbard: Yes, just a warning on those future statistics if we do come out with them. The Agricultural Dedication Ordinance was implemented in 2000, so 2000 was a big year of initial dedications. Since there are only ten (10) or twenty (20) years, we are going to get bigger numbers in 2010, 2020, for example. Even if you do look back and we see a spike in 2020, everything through COVID-19 looks “hunky-dory” because there were more Agricultural Dedications, I would just caution you now that there are cyclical cycles of these Agricultural Dedications coming in and out that it may not be perfect unless you dive into it a little bit more.

Committee Chair Evslin: Okay, thank you. Councilmember Carvalho.

Councilmember Carvalho: I have a question. The entire discussion is obvious that agriculture is a big part of who we are as an island and State. In the General Plan...can we talk about that? There is a lot of information that ties everything in the General Plan. I am looking for the written part of this whole thing, so we understand that this is what it is. How does this tie into this discussion regarding the General Plan?

Ms. Matsuyama: I think the General Plan calls for certain acres of agricultural land, as well as providing what we can on tax relief. I think through the Agricultural Dedication Program, Committee Chair Evslin hit it on the head where we want to focus on one (1) program, the best program that we have for our agricultural farmers and agricultural industry is the Agricultural Dedication Program. Like I said before, it provides a lot of tax relief for the agricultural industry. I figured that we would focus on that and make sure that the farmers are taken care of. Again, on an equitable and equal playing field, I think that is the best that we can do, and in supporting what is written in the General Plan.

Councilmember Carvalho: Which encompasses all forms of agriculture, right? That is what I see here. That was my point and to see how to incorporate all of it, and make sure that there is a balance. I wanted to bring that to the table again.

Committee Chair Evslin: Members, are there any further questions? Councilmember Kuali‘i.
Councilmember Kuali'i: Maybe you already did, but did you provide the listing of sixteen (16) names of who is grandfathered in? Are they different entities or different parcels, different entities including individuals, owners, companies, et cetera?

Ms. Matsuyama: Yes. We provided the sixteen (16) separate tree farms at first reading. There are sixteen (16) parcels, so some of them might be similar owners.

Councilmember Kuali'i: Yes. I see now that Green Energy Team has five (5) and Grove Farm has two (2). There are sixteen (16) different entities, but sixteen (16) parcels.

Ms. Matsuyama: Correct.

Councilmember Kuali'i: Okay, thank you.

Committee Chair Evslin: Are there any further questions. Councilmember DeCosta, you mentioned earlier that you had question for County Attorney Matt Bracken. Is that still the case?

Councilmember DeCosta: I just wanted to know if he clarified whatever Mauna Kea Trask asked on the floor in his statement about violations. I wanted to know if Matt could address that.

Committee Chair Evslin: Matt, if you are here, you can respond to that.

MATTHEW M. BRACKEN, County Attorney (via remote technology): Good morning, Matt Bracken, County Attorney. I have to apologize. I am slightly on the move and I am heading to the airport shortly. To address the issues that came up this morning. I do not have any legal concerns with these Bills. The laws that were cited are basically policy laws. For instance, the Constitution where it says, “promote diversified cultural, add self-sufficiency, assure the availability of agriculture to the lands,” the County still does all of that. The Agricultural Dedication process still provides an avenue for the people to get Agricultural Dedications. The County still supports agriculture. All the laws that were cited are policy laws. It is the same thing with the County General Plan. It is a policy. Just like the decision to adopt and not adopt these Bills, they are all policy calls. I have no legal concerns with any of these Bills.

Councilmember DeCosta: Thank you, Matt. Before you take over and ask for your deferral, can I close?

Committee Chair Evslin: Yes. We will have discussion. If there is no other questions for the Administration, I will call the meeting back to order. We will
have final discussion. At the end of that discussion, I will ask for a deferral. Councilmember DeCosta, you can go first, followed by Councilmember Cowden.

There being no objections, the meeting was called back to order, and proceeded as follows:

Councilmember De Costa: In my final discussion, I would like to say that I believe and I would like to think that all seven (7) of you learned something very important during COVID-19. The same importance we learned when we lost sugar we had to incentivize landowners to grow something else. We put this in place in 1996, to incentivize to grow hardwoods, which is an industry that did not really take off. Even today, it is a very small niche on Kaua'i. We have only one (1) orchard that has grown out of its twenty-year exemption. That was the coffee orchard in 'Ele'ele under A&B Properties, Inc. (A&B). Currently, there are no fifty (50) acres or more orchards. These Bills will not hurt future orchard farmers or Tree Farm Development Exemptions, because we have a good agricultural bill in place that will support them. This will ensure that what we learned during COVID-19, which was food security...not just lettuce and tomatoes, I am talking livestock, it will put everyone on an equal playing field that large landowners now cannot be biased by the revenue. They do not have to pay land taxes if they lease their lands to tree farmers who sell to Green Energy Team. Thank you.

Committee Chair Evslin: Members, sorry, we have one (1) testifier on Zoom remote technology. I will suspend the rules, take our online testimony, and return for final discussion. Virginia Beck, are you there? Hello. Please state your name for the record. You will have six (6) minutes.

There being no objections, the rules were suspended to take public testimony.

VIRGINIA BECK (via remote technology): Yes. Thank you very much, and thank you all for the hard work that you are doing. I really see what you are up to, and it gives me great hope for protecting the future. I have written testimony which I think was presented to you. I also want to also refer to the conversation in play. I totally support “Uncle Billy’s” cattle, because I have been known to eat steak from now and then. For a minute I thought that was a bottle of beer you were putting in front of me. I could not tell what it was. Anyway, I am not drinking. What I wanted to say was, all of this was invented from the past. The present we are facing is nothing we have ever seen before. We are in the face of challenges that we cannot even imagine. We have to make sure when we talk about level playing grounds, that we level the playing grounds for the younger generations. We are all on our way out, some of our expiration dates are sooner than others. We have a duty to the future generations, because we are laying track for them. Some of you I know really well, and some of you, not so well. I am a nurse practitioner by trade. I have worked in the (inaudible). We are totally focused on total quality management. Kaua'i is heading on a major collision with reality. Things that are geopolitics are dictating our future. We ship our children and our money off island, because it is the only way
they can survive. That is where my passion comes. All of you are working hard with all of the tools that you have available. I humbly respect your work. What I am saying is that I am trained in different disciplines. My father was the architect in DA. My father managed a three billion dollar ($3,000,000,000) budget for the Vietnam War in 1966. He taught me to have strategic solutions and logistics. The things that are breaking down the Russians and Ukraine, all of those things are impacted Kaua’i. Do you realize there is going to be a sunflower oil shortage? Look at the Westside, we could be growing food. Anyway, I digressed, I am sorry, I am old, and I am on oxygen. My point is, while everything you have done...I really respect Reiko Matsuyama, I did not know who she was, I am sorry I was a few minutes late to the party. We do not have a level playing field. We do not have a way. For example, people who do not own the land, but lease the land, our young farmers have a horrible time, and there is so much USDA money. Federal money that can pour into Kaua’i to regenerate our whole agricultural industry for young people. There is so much Federal money we could get to support you folks and your missions. I do not want to waste your time. When we look at this, there are a lot of new economic initiatives. There is USDA funding and small business loan funding that we could build bridges, so that “Uncle Billy” can keep his cattle, but we can still have exemptions to encourage economic market initiatives in place to support the things we need. We saw what happened when there was no toilet paper. We are hanging by a string. Anything we can do to be sustainable, we have to tackle it. I apologize for bringing this up, because I feel like I am saying we are going to run out of gas soon. We have to use 21st Century thinking. We cannot use the same old ways of thinking that worked in the past. They do not work. We could be getting huge credits for protecting the carbon dioxide CO2 Bank. People could buy offsets on Kaua’i for the CO2 emissions. There are many economic sources. I studied this, I am a science geek. I do not want to be a blowhard and take too much of your time. I do not want to derail the conversation, but I want to insert an upgrade. I am not a problem, I am a solutions person. Thank you.

Committee Chair Evslin: Thank you, Ms. Beck, for your testimony. I have a clarifying question. Your written testimony, and your testimony today was great. I want to clarify if you are in support of repealing the Tree Farm Development Exemption as Bill No. 2845 would do?

Ms. Beck: My understanding is that the intent was to repeal, except for the old timers who already have theirs. I think that disproportionately impacts the playing field for young agricultural people. I think that some of our agricultural exemptions were...and I totally understand the Green Energy Team situation. Albizia trees are the worst invasive species known to man, and now the County is paying for it. We get the law of unanticipated consequences undermining our really good ideas. These are real excellent ideas, new factors keep propping up, and we have to address them. Thank you for your indulgence. I support making sure that the door is left open and it is not only a select number of old timers that get the benefit. On Kaua’i, I have been here since 1971, before some of you were born, I have known how the right hand washes the left, and the same-old goes on. It
will kill us as an island. Please think about it. It would be tempting to think of me as just another haole shaking things up, making trouble, and making problems. That is what they said at the hospital when I came out with a ten-times healthier babies program. It is something new. It is really uncomfortable when we are confronted with something new. We have to invent a new self to deal with it. Anyway, I am taking too much time. Thank you.

Committee Chair Evslin: Thank you, Ms. Beck. Another clarifying question from Councilmember DeCosta.

Councilmember DeCosta: Hi. I do not view you as anything else besides being a very wise and intelligent lady on our island. Thank you for who you are. I wanted to know why you called me “Uncle Billy.” That is usually what you call an elder who you respect a lot, and I am not sure if we are the same age, but you called me “uncle.” I wanted to know why you called me “uncle”.

Ms. Beck: I called you “Uncle Billy,” because everyone on this side of the island calls you “Uncle Billy.”

Councilmember DeCosta: Thank you. I wanted to ask you a question.

Ms. Beck: Yes.

Councilmember DeCosta: How many homes do you own?

Ms. Beck: How many homes? One (1), and I cannot afford the one I have.

Councilmember DeCosta: Do you have any hardwood trim in your home and around your windows? Do you have hardwood countertops with teak or mahogany?

Ms. Beck: No, no, no. Do you know why?

Councilmember DeCosta: Yes.

Ms. Beck: I live in a cracker box. It has a great view, but I look in a cracker box in a subdivision. My family had trees, but we had to sell it, because it was too expensive to maintain.

Councilmember DeCosta: Thank you for asking that question. My point of that question was because we have a nurse practitioner who makes good money on Kaua‘i, and even she cannot afford hardwood trim or hardwood countertops for our hardwood industry. Thank you.

Ms. Beck: May I rebut that question?
Councilmember DeCosta: Sure.

Ms. Beck: I went to Kaua’i Community College (KCC) as a single mom with a medically disabled child. I did not make a good salary for a very long time. I want to correct that for the record. I was the mom who worked twelve-hour shifts to make sure my child could be taken care of. I am not a rich haole. I came by my money the same way we all do, I worked for it.

Councilmember DeCosta: Thank you. I do not have hardwood trim in my house. I am just a teacher. Thank you for that clarification.

Ms. Beck: I have ugly red tile and horrible things. Thank you.

Committee Chair Evslin: Thank you, Ms. Beck. Are there any further clarifying questions? I will call the meeting back to order. We need to take a caption break. Hopefully we can wrap up our final discussion, take a vote, and take our caption break thereafter. Councilmember Cowden.

There being no further testimony, the meeting was called back to order, and proceeded as follows:

Councilmember Cowden: I want to point out with agriculture, there are unique needs. I am not inclined to want to pass this change. When we look at our visionary priorities for the State and County, we use words like “resilience,” “climate,” and “adaptation.” I am someone who does permaculture, which is a new word for an old science, which means grow food the way nature does on ambient conditions. In the region of the island where I live, there is a lot of diversified farming. It has livestock along with the hardwoods, along with the orchards, along with the different types of trees, because it tries to mimic nature. Across the world and across the ages, certainly in Hawai’i, growing plants and animals in agreement with nature was about community survival. Not business, not taxes. I think the unintended consequences of how we only look at provision of needed resources, whether it is wood to build instruments, furniture, or houses, whether it is food to eat or whatever we are doing, when we treat it like it is a bottom-line industry, we really move away from our native intelligence as a species. I think what Virginia Beck was maybe saying and the stress involved to some degree...if we had a blockade of this stress that is going on in the world and accelerates, we are removed. There are already shipping problems. When there was this effort to create hardwoods...hardwoods are better than softwoods in terms that the termites do not eat them up so badly. When we are trying to build that, it is about building resilience and being able to have what we need. I feel like this seems more punitive in nature. We only have sixteen (16) properties in there, it is not much. We could adapt this to where you do not allow something to be over exploited. We have a lot of land to graze cattle on, we have a lot of land all over the place. We have enough land to take care of ourselves. This island did very well prior to contact. I do not relate to all of this competitive industry conversation when we
are talking about the lifeblood of what keeps us healthy. When we talk about climate adaptation, how everywhere will do well is with the need to not ship everything in. Do I want trees here to be able to use for wood, yes. I will stop with that, but there is a lot of use of these trees whether it has a GET number on it or not. Not everything is sold for money. Thank you.

Committee Chair Evslin: Is there any further discussion?

Councilmember Kuali'i: Very briefly. I tend to agree with what Councilmember Cowden just shared. The only other thing I wanted to add, and I probably should have asked of this to the Department of Finance, in some of the arguments or points that were shared, there was talk about the Department of Finance being strained with their staff and wanting to put the energy into the Agricultural Dedication Program and not have to do the work for the Tree Farm Development Exemption. My hope is that they would give us an idea of what the numbers are. What the cost is and how they are getting it done. I am open considering providing them more resources if they need it in order to do it all. We are in budget right now, so it would be a time-sensitive issue. I am just putting that out there. Thank you.

Committee Chair Evslin: Members, is there any further discussion? As I expressed at first reading, I support the general concept of reducing redundancy in our tax system. I think that tax codes get more and more complicated over time if we add loopholes, programs, exemptions, et cetera. I think that it is important work that Councilmember DeCosta and the Department of Finance have done to go through to simplify and streamline programs. Certainly, this has been brought up already, a lot of important dialogue and discussion around agriculture and the play of agriculture. I applaud the work that has been done. With that said, I cannot support passage today, and I am still on the fence largely for the same reasons my colleagues have expressed and that we talked about today. I do not want to go over all of it again, but agriculture is clearly in crisis mode. Since the decline of sugar, we lost significant amounts of agricultural land. Both fallow and getting developed as CPR homes in some capacity. While the recent data of 2017 until now does not exist, the 2012 to 2017 data is concerning. It also shows that farmers are spending more money and making less money. Not only are we losing land, but farmers are making less. It is not a healthy industry. As Mauna Kea elaborated on in his testimony, the State Constitution, the Hawai'i State Plan, and the Kaua'i General Plan all have policy push in there for us to support diversified agriculture: food, livestock, timber, energy, et cetera. It is all of the above. I think that while all farming is hard, the timber industry has extra barriers, and you do not get revenue for twenty (20) or twenty-five (25) years. That gap period with no revenue is the stated intent of the original exemption. That is why it was introduced, to give these landowners the ability to start a farm and go through that period of no revenue. I do not think anything necessarily has changed since it was originally introduced, and they need that security. As we talked about today, even with the current exemption, we would still have two-thirds (2/3) of our agriculture land around that in pasture, and only six
percent (6%) in farmland. It is not as if trees are taking over in any capacity. I mentioned at first reading I did not want to create a hierarchy of crops. What I meant was that all agriculture is valuable. I do not think we should be letting industries go in any capacity. We need timber crops, we need energy crops, we need cows, we need fruits and vegetables, and they all need government support. Some crops might need different types of programs. It is like the picture of the definition of equality. You see the three (3) little children trying look over the fence, short, medium, and tall. The tall child can see over the fence. If equal, you would be providing them all with an equal size stool. The short child still cannot see over the fence. Equality as defined in this picture, is providing the short child with a taller stool, so he can be equal height as the other ones. When I said treating crops equally and not creating this hierarchy, that is what I was alluding to. Definition, not equality. Sometimes, we need to provide extra support. With all of that said, I am not a “no” on this. I am just uncertain going forward. Again, I understand the points and logic from Councilmember DeCosta. I think the Bill is certainly well-intentioned. I appreciate his passion and I appreciate the work by the Department of Finance. I think Agriculture Dedication could possibly be a viable answer for all these folks to transition into. With that said, I want more certainty. It is part of the reason I reached out to the Farm Bureau to try and get their take on it. I know they had some involvement in the original Tree Farm Development Exemption. It was their request for us to defer to give them more time to look into it. I am hoping that we can honor that request on their behalf. If there is no further discussion, I will be asking for a deferral. Councilmember DeCosta.

Councilmember DeCosta: I want to close with a financial example. I would like Reiko and Mike to join me in this explanation. It is only to show the feasibility of a large landowner paying taxes that will not hurt him or her based on our current Agricultural Dedication rate of six dollars and seventy-five cents ($6.75). That would level the playing field. It will give them that stool that makes everyone at an equal height. Right now, we are not at an equal height. Reiko and Mike, please help me. Council Chair, you too, you are akamai with accounting. I am going to try and do mental math. On one thousand (1,000) acres of a tree farm, there is a two thousand dollar ($2,000) per acre assessment in RPT. That comes out to be two million dollars ($2,000,000) in value. If you divide those one thousand (1,000) acres of the two million dollars ($2,000,000) in value, take that value of two thousand dollars ($2,000) multiplied by six dollars and seventy-five cent ($6.75) tax rate. It comes out to be thirteen thousand five hundred dollars ($13,500) a year in property taxes that a large landowner of one thousand (1,000) acres would pay and be competitive with the cattle rancher. Now, if he or she did not have cattle or sheep on their property and they had trees, they would pay zero ($0). So, thirteen thousand five hundred dollars ($13,500) a year on one thousand (1,000) acres versus paying zero ($0) per year. Does that sound like we are leveling the playing field?

Committee Chair Evslin: I will suspend the rules. They actually gave those figures in the very beginning.
Councilmember DeCosta: Not the way I did. Not to the extent that I did. Am I off the chart here? Mike, can you explain what I just explained?

There being no objections, the rules were suspended.

Mr. Hubbard: For the record, County of Kaua‘i, Mike Hubbard, Real Property Tax Manager. Councilmember DeCosta, yes, it did sound like thirteen thousand five hundred dollars ($13,500) for a twenty-year Agricultural Dedication for diversified agriculture is what you would pay if the entire parcel is dedicated.

Councilmember DeCosta: How big is that parcel of land that you are talking about?

Mr. Hubbard: One thousand (1,000) acres.

Councilmember DeCosta: A person who owns one thousand (1,000) acres, do you think they can pay thirteen thousand five hundred dollars ($13,500) in property taxes per year?

Mr. Hubbard: If you are asking me, I would hope so.

Councilmember DeCosta: My wife and I own ten and a half (10 ½) acres, and we pay five thousand dollars ($5,000) in property taxes. We can afford it as a schoolteacher and a nurse. I rest my case.

Committee Chair Evslin: I will call the meeting back to order. Is there any final discussion left? Councilmember Kuali‘i.

There being no objections, the meeting was called back to order, and proceeded as follows:

Councilmember Kuali‘i: I am happy that we are deferring because I want to get more information. The only other thing I would put out to the Department of Finance, in their written response to us, they talked about being in the process of revitalizing the Agricultural Dedication Program separately from this current legislation. I want to hear more about that. In one sense, it seems you are putting to cart before the horse. If you are relooking at the entire Agricultural Dedication, which includes the potential of affecting this tree farm portion as well, can you tell us a little more about that, where you are at, where you are going, et cetera, in the future? Thank you.

Committee Chair Evslin: Councilmember Carvalho.

Councilmember Carvalho: Overall, a healthy discussion and the balancing of everything on the table, everything is important in agriculture as far as
I am concerned. It is a great discussion. How do we balance everything out, put everything on the table, and come out with a solid solution for all, and giving all businesses this opportunity? Everything is unbalanced right now. I think it is a great discussion and I look forward to looking more into it and having more discussion.

Committee Chair Evslin: Is there any final discussion? Council Chair Kaneshiro.

Council Chair Kaneshiro: I am not on the Committee. In general, I would say that we went all over the place on this topic. From what is agriculture, how much people should be making, what is harder or easier, et cetera. Ultimately what it comes down to is equity. Is everyone paying their fair share? We are not looking at if tree farmers do better than cattle farmers versus diversified agriculture. That changes every year. A cattle rancher can get one dollar and fifty cents ($1.50) for a cow one year, and they can get forty cents ($0.40) for a cow the next year. A tree farmer can have a zero (0) market one year, he might have a huge demand the next year. I do not think that we should be getting into how much they produce, what they can get, et cetera. In general, as you take a step back, what is the fairest and easiest way to do our Agricultural Dedication process. I think the Department of Finance is saying that it is easier and fairer for them to do an Agricultural Dedication versus an exemption that they have to track, when is there first harvest, or did they reach twenty-five (25) years. We have to take a step back and look at overall, what is the impact of this Bill? I know they brought up that place on the North Shore that is one hundred (100) acres. If you look at that property, if they were to get the diversified agriculture rate at one hundred (100) acres, they would be paying two hundred dollars ($200) a year for real property taxes. That would be the dedicated rate. Two hundred dollars ($200) is what we are fighting about over the life of their trees. We have to take a step back. What is it that we are trying to do? I think the Department of Finance is saying that they want equity and to make it easier for them to implement. That is why they came in with this. I am open to hearing more of the conversation going forward. I am sure that we are going to get provided more information as far as what they would get if the land was dedicated, what their savings would be if the land was not dedicated, et cetera. We cannot start saying that this agricultural use is better than another or that another is better than this one. We will then never come up with a fair and equitable tax rate for that. I think we need to take a step back, look at it all and look at what is the best way to implement our Agricultural Dedication process. I think that is what they are trying to do right now. Those are my comments.

Councilmember Cowden moved to defer Bill No. 2845, seconded by Councilmember Kuali‘i, and carried by the following vote:

FOR DEFERRAL: Cowden, Kuali‘i, Evslin TOTAL – 3,
AGAINST DEFERRAL: DeCosta TOTAL – 1,
EXCUSED & NOT VOTING: Chock TOTAL – 1,
There being no objections, the meeting recessed at 10:52 a.m.

The meeting reconvened at 11:02 a.m., and proceeded as follows:

Committee Chair Evslin: Clerk, could you please read the next item on our agenda?

Bill No. 2846 A BILL FOR AN ORDINANCE AMENDING CHAPTER 5A, KAUA'I COUNTY CODE 1987, AS AMENDED, BY REPEALING ARTICLE 10, RELATING TO VALUATION OF WASTELAND (This item was Deferred.)

Councilmember Kuali'i moved to approve Bill No. 2846, seconded by Councilmember DeCosta.

Committee Chair Evslin: I will be asking for a deferral for all of these bills in combination, but Councilmember DeCosta, did you want to give a quick introduction again?

Councilmember DeCosta: Very quick. This Bill would take away the landbank tool that is in place right now with large landowners for up to five (5) years. This Wasteland Bill, would remove this from our Tax Ordinance, which currently allows landowners up to five (5) years to pay zero ($0) property taxes and claim the land as “wasted” meaning there are rocks on it, rubbish, a swamp, or something that they could not develop. For five (5) years, they would pay no property taxes, then upon finishing the fifth year, they could start paying the property tax and decide to develop or not.

Committee Chair Evslin: Are there any questions for Councilmember DeCosta or for the Department of Finance?

Councilmember Cowden: For the Department of Finance or the Office of the County Attorney. I have a hard time calling any land “wasteland.” It is hard for me to get excited about any bill that calls land “wasteland.” To me, if there was land that was chemically contaminated in a bad way or hearing the intention of why one would give a tax deferral for wasteland, maybe you could help clarify what that would be. If land was somehow ruined and had to get cleaned up, then that would make sense. Let us just pretend there was some big, terrible, toxic spill, I could see where the cost to fix the land that maybe it would be so much that they do not pay property taxes. Can you help me with that word?

There being no objections, the rules were suspended.
Ms. Matsuyama: Yes. I think what you are talking more so is on the actual valuation. I think Mike Hubbard dropped off of here, but, we would devalue that kind of land, so their assessed value would be far less than a usable parcel.

Councilmember Cowden: Okay. How does that process happen? Let us pretend that a fuel tank spilled, something happened, and something was really damaged. Real Property Assessment, instead of considering at one million dollars ($1,000,000), would consider it two hundred fifty thousand dollars ($250,000) or something? Is that how that would work? They would file and get a reevaluation as damaged land?

Ms. Matsuyama: Are you talking about the value of the land or specifically this wasteland designation?

Councilmember Cowden: I thought you just said that if there was a problem like that the value of the land would drop a lot. Until this Bill came up, I never even knew we classified any land as wasteland. Perhaps if we move the landfill and you cover it over, maybe that might be considered wasteland?

Ms. Matsuyama: The way that the actual wasteland provision is written, “wasteland” is defined as being twenty-five (25) acres or more and it had to be developable. A developer would put this land in the wasteland designation and within five (5) years they would have to develop it. That is the difference.

Councilmember Cowden: That sounds like land banking more than wasteland. Okay, thank you.

Committee Chair Evslin: Members, are there any further questions for the Department of Finance? Sorry, did you have a question for Mark?

Councilmember Cowden: I think she answered it.

There being no objections, the meeting was called back to order, and proceeded as follows:

Committee Chair Evslin: We will take final discussion and then I will ask for a vote to defer. Is there any discussion? None.

Councilmember Cowden moved to defer Bill No. 2846, seconded by Councilmember Kuali‘i, and carried by the following vote:

FOR DEFERRAL: Cowden, Kuali‘i, Evslin TOTAL - 3,
AGAINST DEFERRAL: DeCosta TOTAL - 1,
EXCUSED & NOT VOTING: Chock TOTAL - 1,
RECUSED & NOT VOTING: None TOTAL - 0.

Committee Chair Evslin: The motion is carried. Clerk, could you please read the next item on our agenda?
Councilmember Kuali'i moved to approve Bill No. 2847, seconded by Councilmember Cowden.

Committee Chair Evslin: This is the Orchard Development Exemption repeal introduced by Councilmember DeCosta. Did you want to give an introduction to it?

Councilmember DeCosta: We spoke in depth about tree orchards during the Tree Farm Development Exemption item. I just wanted to say for the record that we had one (1) tree orchard. It is the coffee orchard on A&B property. That twenty-five-year exemption has run its course. Currently, we have no tree orchards. The Tree Orchard Bill applies to fifty (50) acres or more. I would like to say that I think someone or some company who owns fifty (50) acres or more can afford to pay the six dollars and seventy-five cents ($6.75) agriculture tax rate that would level the playing field. With that being said, I am done.

Committee Chair Evslin: Okay. Members are there any questions for the Department of Finance? Again, I will be asking for a deferral. Is there any discussion before we do that?

Councilmember Kuali'i moved to defer Bill No. 2847, seconded by Councilmember Cowden, and carried by the following vote:

FOR DEFERRAL: Cowden, Kuali'i, Evslin TOTAL – 3,
AGAINST DEFERRAL: DeCosta TOTAL – 1,
EXCUSED & NOT VOTING: Chock TOTAL – 1,
RECUSED & NOT VOTING: None TOTAL – 0.

Committee Chair Evslin: The motion is carried.

There being no further business, the meeting was adjourned at 11:10 a.m.

Respectfully submitted,

Karlyn Sukehira
Council Services Assistant I

APPROVED at the Committee Meeting held on April 20, 2022:

LUKE A. EVSLIN
Chair, FED Committee