

foreseeable for the reasons explained in Section 4.b. of the Addendum.

(79) *Comment:* One commenter commented that the designation of critical habitat on the majority of Hawaiian Home Lands at South Point and Waimea, which would require beneficiaries to conduct environmental assessments and consultations under section 7 of the Act in order to build homes or commence farming, would represent a substantial economic impact.

*Our Response:* Much of the DHHL land at South Point and Waimea is not included in the final designation. North of Waimea, only gulches that are not suitable for housing development are included in Hawaii Unit 9. Near South Point, we have reduced the amount of DHHL land from 603 ha (1,490 ac) in the proposed designation to 126 ha (313 ac) in the critical habitat designation. The 126 ha (313 ac) in Hawaii Unit 19 are part of the Kamaoa-Puueo tract. As stated in the DEA, the 2002 DHHL *Hawaii Island Plan* identifies the Kamaoa-Puueo tract as a non-priority development, which means that its development is not likely in the next 20 years. There is no more DHHL land included in the critical habitat designation. As such, this analysis estimates no impacts associated with DHHL land within the 10-year timeframe of this analysis.

(80) *Comment:* One commenter commented that there are 23,000 hunters in Hawaii who contribute an estimated \$31 million annually to State revenue. A disproportionately large percentage of these hunters live on the Island of Hawaii, so, designation of critical habitat will have a correspondingly adverse effect on the island's economic condition.

*Our Response:* For illustrative purposes, the loss in direct sales, indirect sales, employment, and income associated with a loss of hunting activity in critical habitat is presented in Chapter VI, Section 4.b.(3) of the DEA. However, the DEA assumes that the probability that the State will adopt a policy to remove game animals from critical habitat is low. The Addendum makes no changes to this conclusion.

(81) *Comment:* Several comments commented on how designation of critical habitat would trigger the DLNR initiation of review, and potential reclassification, of lands to the Conservation District pursuant to Hawaii Revised Statutes (HRS) 195D-5.1. Costs associated with this review were pointed out by another commenter who stated that they needed to be factored into the economic analysis along with reductions in tax revenues to

Hawaii County, which would result from these actions.

*Our Response:* HRS section 195D-5.1 states that the Department of Land and Natural Resources (DLNR) "shall initiate amendments to the conservation district boundaries consistent with section 205-4 in order to include high quality native forests and the habitat of rare native species of flora and fauna within the conservation district." HRS section 205-2(e) specifies that "conservation districts shall include areas necessary for \* \* \* conserving indigenous or endemic plants, fish and wildlife, including those which are threatened or endangered \* \* \*." Unlike the automatic conferral of State law protection for all federally listed species (see HRS 195D-4(a)), these provisions do not explicitly reference federally designated critical habitat and, to our knowledge, DLNR has not proposed amendments in the past to include all designated critical habitat in the Conservation District. Nevertheless, according to the Land Division of DLNR, DLNR is required by HRS 195D-5.1 to initiate amendments to reclassify critical habitat lands to the Conservation District (Deirdre Mamiya, Administrator, Land Division, in litt. 2002).

State law only permits other State departments or agencies, the county in which the land is situated, and any person with a property interest in the land to petition the State Land Use Commission (LUC) for a change in the boundary of a district. HRS section 205-4. The Hawaii Department of Business, Economic Development & Tourism's (DBEDT) Office of Planning also conducts a periodic review of district boundaries taking into account current land uses, environmental concerns and other factors and may propose changes to the LUC.

The State Land Use Commission determines whether changes proposed by DLNR, DBEDT, other state agencies, counties or landowners should be enacted. In doing so, State law requires LUC to take into account specific criteria, set forth at HRS 205-17. While the LUC is specifically directed to consider the impact of the proposed reclassification on "the preservation or maintenance of important natural systems or habitats," it is also specifically directed to consider five other impacts in its decision: (1) "Maintenance of valued cultural, historical, or natural resources;" (2) "maintenance of other natural resources relevant to Hawaii's economy, including, but not limited to, agricultural resources;" (3) "commitment of state funds and

resources;" (4) "provision for employment opportunities and economic development;" and (5) "provision for housing opportunities for all income groups, particularly the low, low-moderate, and gap groups." HRS 205.17. Approval of redistricting requires six affirmative votes from the nine commissioners, with the decision based on a "clear preponderance of the evidence that the proposed boundary is reasonable." HRS 205-4.

The costs associated with redistricting are discussed in detail in the Indirect Costs sections of the DEA and the Addendum. As stated in the Addendum, this analysis assumes that the probability is low that land currently planned for development in Hawaii Units 12 and 13 will be redistricted to the Conservation District, especially if landowners agree to certain conditions to protect portions of the critical habitat designation. This determination is the result of the requirements for redistricting, including the requirement that the LUC consider "provision for employment opportunities and economic development;" "commitment of State funds and resources;" the "provision for housing opportunities for all income groups, particularly the low, low-moderate, and gap groups;" and "preservation or maintenance of important natural systems or habitats" when considering a petition for redistricting (HRS 205-17).

However, it is reasonably foreseeable that certain other privately owned parcels in the Agricultural District in the critical habitat designation may be redistricted. Redistricting is more likely for these parcels because there are no current plans for economic or community development and they are not prime agricultural land. This redistricting could be completed by State agencies or mandated as a result of a third-party lawsuit. The economic costs associated with redistricting these unplanned parcels are expressed in terms of a loss in property values and a loss in agricultural activity as discussed in the Indirect Costs section of the Addendum.

This analysis assumes that the impacts on county tax revenues as a result of redistricting are expected to be small. Much of the land that is at risk of redistricting is already assessed at a low agricultural value. In many cases, the agricultural value is lower than the assessed value for land in the Conservation District. This counter-intuitive result reflects the tax break the State gives to encourage agriculture. If the land is redistricted to a subzone other than the Protective Subzone,