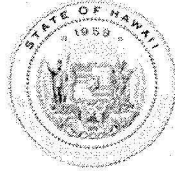


LINDA LINGLE
Governor



SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

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Deputy to the Chairperson

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**TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEES ON AGRICULTURE
AND
CONSUMER PROTECTION & COMMERCE
FEBRUARY 8, 2008
9:15 A.M.**

**HOUSE BILL NO. 1988
RELATING TO MACADAMIA NUTS**

Chairperson Tsuji, Chairperson Herkes and Members of the Committees:

Thank you for the opportunity to comment on House Bill No. 1988. The purpose of this bill is to establish a macadamia nut commission to develop marketing and promotional programs for the macadamia nut industry in Hawaii. The Hawaii Department of Agriculture (HDOA) is in support of the general concept of the bill provided that its passage does not replace or adversely impact our priorities in our Executive Biennium Budget.

Like the pineapple, the macadamia nut is a product which consumers immediately identify with Hawaii and has a long history as an important commercial crop. The development of marketing, promotional and educational programs as well as quality standards for the entire macadamia industry will expand business opportunities for Hawaii's growers and processors.



The Hawaii Macadamia Nut Association

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February 7, 2008

The Committee on Agriculture
Rep. Clift Tsuji, Chair

The Committee on Consumer protection and Commerce
Rep. Robert N Herkes, Chair

The Committee on Transportation
Rep. Joseph M Souki, Chair

Honorable Chairmen and Committee Members,

The following testimony is from the Hawaii Macadamia Nut Association (HMNA) in support of HB 1988 (in that it allows for a mandatory assessment in the Macadamia Industry) with the following proposed amendments which have come from significant debate and comment from HMNA farmer and processor members. It has become apparent that our membership will not support the Bill in its present form but will support the amended version.

The aim of the Association is to have a mandatory assessment put in place for the Industry to ensure that its representative body, the HMNA, can remain in place with funds to do so and managing those aspects of the Industry where the Association's activities complement the sales and marketing activities of the individual Processor Marketers, and assist in the farming and promotion of Hawaii grown macadamia nuts.

Accordingly, the HMNA has developed a set of Strategic Objectives set out below which will be its focus in the next 12 months and for which it requires the financial support that the mandatory assessment will provide, and at the same time it requests the further assistance of the state in supplementing what will be fairly meager industry funds at a time when very low prices seriously impact the industry.

Strategic Objectives set out below, which any new Commission would be charged with providing funds to achieve. These are:

1. Research. - Initiate a research committee initially to develop a list of research projects to propose to the legislature/PBARC/UH/other to restart Macadamia research in Hawaii at University and elsewhere. Develop a plan to make previous research available to all members.

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2. Protect Hawaii Name - Negotiate and lobby to achieve Country of Origin labeling at a Federal level through the Hawaii Congressional Delegation and through State Administration. This would be done through a "Truth in Labeling" approach. Seek to have Certificate of Analysis requirement along with date of manufacture on all macadamias sold in the US. (FFA, PV, Coli forms, Date of manufacture).

3. Nutrition - Reconnect with the INC nutrition program, collect existing Macadamia nutrition research, and make available to processors and marketers of Hawaii macadamias. Become involved with other selective Industry groups that help HMNA to achieve its ends.

4. Promotion - Develop a Hawaii Industry promotional approach. Decide on the most effective means of developing and disseminating information (Industry/Corporation) and the means to utilize State resources to achieve this. Connect with IMAC and decide if/how to be involved.

Further proposed amendments:

148 A. Processor and handler mean any person, within the State, engaged in the operations of Husking, Processing, and marketing of macadamia nuts.....
(This uses terms common in the Industry)

148 B. The members shall be appointed only from a list of nominees put forward by the current HMNA Board and members will in fact continue to be HMNA Board members in good standing, and these shall cover the existing membership divisions that have been in place for over 20 years and draw from large and small growers, growing districts, and processors. Board members are elected annually at the HMNA annual meeting generally held in May of each year.

148 C. Commission; process and purpose
The purpose of the commission will be to manage the collection of a mandatory assessment aimed only at providing funding for the HMNA in carrying out its Strategic Objectives and its Charter according to the attached Rules and Bylaws and through its duly elected Board.

148 E. Assessments.
The commission will, no later than July 1st of each year, establish an assessment for the following macadamia season. Initially this assessment will be for 0.20 cents (1/5th cent) per pound of NIS at 20 % moisture produced by each farmer and a further 0.20 cents (1/5th cent) per pound NIS at 20% moisture for processors. The assessment may be changed from time to time only by a 90% agreement of the HMNA members. The maximum assessment for any single entity will be \$30,000 annually.

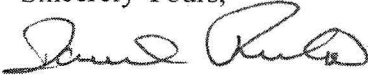
These amendments are proposed in accord with the expressed wishes and comments of the industry participants. The Industry has made it clear that they are prepared to support a mandatory assessment in order to guarantee that its elected body (HMNA) remains with

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funds. However the industry is concerned that any management body be responding to the wishes and requirements of its members and not be subject to increased State control and oversight. We believe that the amendments proposed will allow this to be achieved and that the industry can then move forward with the strong support of its elected body in the HMNA.

It is appreciated that this redirection of the Bill may require some legislative "cleaning up" which we will leave to those qualified to perform this role.

Sincerely Yours,



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