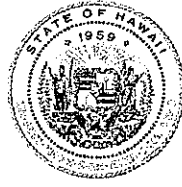


HB 1988 HD1

LINDA LINGLE
Governor



SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

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

**BEFORE THE SENATE COMMITTEE ON AGRICULTURE AND HAWAIIAN AFFAIRS
TUESDAY, MARCH 18, 2008
2:45 P.M.
CONFERENCE ROOM 224**

**HOUSE BILL NO. 1988, H.D. 1
RELATING TO MACADAMIA NUTS**

Chairperson Tokuda and Members of the Committee:

Thank you for the opportunity to comment on House Bill No. 1988, H.D. 1. 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) offers the following comments.

The establishment of the Hawaii macadamia nut commission essentially creates a new state authorized agency that must adhere to state statutes relating to personnel, receipt of revenues, procurement, sunshine laws, financial reporting and proprietary information. Some of the language in this measure is not clear regarding this commission following existing laws practiced by state agencies.

This bill should specify that commission members will serve without compensation but may be reimbursed for expenses in the performance of their duties.

Section 148-D (Page 5, lines 17-20) states that all moneys received from assessments or otherwise received by the commission shall be deposited into any bank the commission may designate. We are not certain as to the requirements for such an account or to the oversight needed. If instead a special fund is created, then the special fund account

would need an expenditure ceiling. In 2006, some 58 million pounds of macadamia nuts were produced which would generate about \$232,000 in fees from producers and processors.

Personnel will also be required to support this new commission. We recommend that a least one exempt manager or executive director position and one exempt secretary/clerk position be created to collect and disburse fees, establish programs contained in this bill, and carrying out the intents of this commission.

Testimony from Hawaii Macadamia Nut Association

This testimony is on behalf of the Hawaii Macadamia Nut Association ("HMNA") and in support of HB 1988 (HD2 or 'including the amendments accepted in committee'). HMNA has previously advised the Legislature that the Hawaii Macadamia Nut Industry is currently experiencing significant difficulties in marketing its crop at prices that will produce even a 'breakeven' return for large and small farmers and farmer/processors alike. This situation is very serious with many farmers forced to leave their nuts in the field and suffer the total loss that this implies. Some small farmers have, or are considering, either abandoning their orchards or going to the significant expense of converting to coffee.

HMNA recognizes that one important factor in taking the Industry beyond this difficult time will be to re-establish the viability of the Macadamia Nut Association to allow it to progress its mission and plan to promote 100% Hawaii grown macadamias and to assist farmers and processors in sustaining what is truly one of Hawaii's "signature" agricultural industries.

The HMNA plans to rely on the marketing efforts of the individual processors, but as an industry to support their efforts with effective research (including nutritional research and promotion of nutritional benefits of the product) and with any all appropriate legislation that aims at maintaining strict observance of the "Made in Hawaii" laws and adding to this protection of the Hawaii brand where this is deemed appropriate. HMNA also plans to re-establish links with UH, PBARC and through the Dept. of Agriculture, with the advancement of agricultural, harvesting, and processing technology for the industry.

In recent years, the inability of the Association to fund its link with the treenut industry's efforts to prove and disseminate information on the nutritional value treenuts including macadamias, has been one part of the marketing problems that have contributed to the lower prices. HMNA plans to get this valuable program back on track and to seek federal and State assistance to achieve this.

The Association believes that the mandated assessment program, as proposed in the amended version of HB 1988, is a critical feature that is required to stop the current decline in the financial viability of the industry and to get the industry back into its previous position as world leader in the sales and marketing of macadamia nuts.

We thank you for your support in helping the industry to help itself.

Sincerely



Dennis J. Simonis
Treasurer, on behalf of the
Hawaii Macadamia Nut Association