



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

LINDA LINGLE
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THEODORE E. LIU
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Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
**HOUSE COMMITTEE ON AGRICULTURE AND ECONOMIC
DEVELOPMENT
AND BUSINESS CONCERNS**

Tuesday, January 29, 2008
8:30 A.M.
State Capitol, Conference Room 325

in consideration of
HB 2085
RELATING TO THE AGRIBUSINESS DEVELOPMENT CORPORATION

Chairs Tsuji, Yamashita, Vice-Chairs Brower, Wakai and Committee members:

The department does not support HB 2085 which would place the Agribusiness Development Corporation (ADC) within the Department of Business, Economic Development and Tourism.

The ADC has, for many years, developed a successful record of managing large areas of agricultural lands. In addition, the ADC has consistently provided farmers in central Oahu a stable source of irrigation water at reasonable cost through the Waiahole Water System. This irrigation system has proven cost effective and self-sustaining, and the ADC has also been able to meet its debt obligations.

On Kauai, ADC has worked to stabilize the Kekaha area after the shut down of the former sugar plantation. ADC facilitated new ideas for plantation workers to transition agriculture from sugar to diversified agriculture. In an effort to preserve land and

infrastructure, ADC has developed agreements with the U.S. Navy to maintain the drainage system at the Pacific Missile Range Facility.

ADC's many successes have come from focusing their efforts on handling land and water projects. Success can also be credited from the synergy and support gained from working closely with the Department of Agriculture (DOA). ADC depends upon the expertise from DOA's engineers, planners, economists, loan officers, land managers, and others who are experts in their fields, working collaboratively toward the goals of supporting and growing the agricultural industry in Hawaii.

Placement of ADC within the DOA does not appear to hinder the ADC from access to the resources of other departments such as the College of Tropical Agriculture and Human Resources (CTAHR), Department of Land and Natural Resources (DLNR) and DBEDT. ADC recently worked with DBEDT's High Technology Development Corporation on a transportation project, and has frequently collaborated with the Energy Branch on bio-fuel feedstock projects.

DBEDT does not believe moving ADC to DBEDT will improve service to the agricultural community, and recommends that the ADC remain attached to the DOA.

Thank you for the opportunity to offer these comments.

LINDA LINGLE
Governor



State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512

SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE K. OKAMOTO
Deputy to the Chairperson

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

**BEFORE THE HOUSE COMMITTEES ON
ECONOMIC DEVELOPMENT & BUSINESS CONCERNS
AND
AGRICULTURE**

January 29, 2008
8:30 A.M.

**HOUSE BILL NO. 2085
RELATING TO THE AGRIBUSINESS DEVELOPMENT CORPORATION**

Chairpersons Yamashita and Tsuji and Members of the Committees:

Thank you for the opportunity to testify on House Bill No. 2085 that seeks to make the Agribusiness Development Corporation (ADC) an attached agency of the Department of Business, Economic Development and Tourism (DBEDT). The Department of Agriculture (DOA) strongly opposes this bill.

The Agribusiness Development Corporation and the Department of Agriculture have a strong and mutually beneficial relationship built upon complementary strengths and shared objectives to advance and support Hawaii's agriculture. DOA provides administrative support in the areas of personnel and fiscal matters and supports ADC's Administrative Services Officer in procurement matters. While both DOA and ADC have their own strategic plans, the plans assume mutual support in carrying out their respective missions.

ADC already can depend upon DOA for providing similar services to the ones proposed to be provided by DBEDT. Marketing and business development is provided through DOA's Agricultural Development division (ADD), as is economic research and statistics which is part of the ADD's Market Analysis section and the Hawaii Agricultural Statistics Service respectively. ADC has a strong, on-going relationship with the College of Tropical Agriculture and Human Resources which can provide specific agricultural technical assistance and support for agricultural entrepreneurship to complement ADD's strength in marketing and business development. DOA's Agricultural Loan program in our Agricultural Loan division is probably a more realistic source of funding than venture capital for most of Hawaii's agricultural firms.

DOA can provide assistance to ADC beyond DBEDT's capabilities in that DOA has engineers, land managers, planners, and commodity experts with agricultural expertise not found on DBEDT's staff.

We defer to the ADC's knowledge of the expertise of its individual board members but as our Deputy serves on the board, and is in a position to observe the effectiveness of the members, we can confidently state that the professionalism, objectivity, and ability to effectively deal with a number of complex issues is exceptional. All of the members are seasoned business persons with years of experience and broad experience.



STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
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Phone: (808) 586-0186 Fax: (808) 586-0189

TESTIMONY OF ALFREDO LEE
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE HOUSE COMMITTEES ON
ECONOMIC DEVELOPMENT & BUSINESS CONCERNS
AND
AGRICULTURE

January 29, 2008
8:30 a.m.

HOUSE BILL 2085
RELATING TO THE AGRIBUSINESS DEVELOPMENT CORPORATION

Chairpersons Yamashita and Tsuji and Members of the Committees:

The Agribusiness Development Corporation (ADC) is in strong opposition to House Bill 2085, which would place the ADC within the Department of Business, Economic Development, and Tourism (DBEDT) for administrative purposes.

ADC has developed a successful track record of managing large tracts of agricultural lands and major irrigation systems. On Oahu ADC's Waiahole Water System has consistently provided the farmers in central Oahu a stable source of irrigation water at a reasonable cost. Not only does the irrigation system operate in the black, ADC is also able to meet its debt obligation. On Kauai, ADC's efforts stabilized the Kekaha area after the shut down of the former sugar

plantation. We provided a way for agriculture to transition from sugar to diversified agriculture. In addition to preserving the land and infrastructure for active agricultural use, ADC also has agreements in place with the U.S. Navy to maintain the drainage system at the Pacific Missile Range Facility. ADC works closely with the Kauai County Civil Defense during severe weather to protect Kekaha Town and the surrounding agricultural lands from flooding. ADC is in the process of issuing long-term land licenses to the farmers at Kekaha.

Recently ADC agreed to take on new projects to manage the irrigation water sources at Kau and to manage about 6,700 acres of state-owned agricultural land at Kalepa, Kauai. We believe ADC's involvement on these two projects will continue to strengthen the agricultural industry.

ADC's success came from focusing our efforts in handling land and water projects. Results of ADC's recent strategic planning session concluded that the best way to use our limited state resources is to focus on a few, but large-scale projects of significant economic impact. Our success also came from synergy and support from the Department of Agriculture (DOA); from its chairperson to division administrators, program managers and clerical staff. More specifically, ADC draws upon expertise from DOA's engineers, planner, economists, loan officers, land managers, and many others who are experts in their fields and are working collectively toward the goal of supporting and growing the agricultural industry in Hawaii.

Placement of ADC within the DOA does not hinder ADC's ability to interact and consult with experts from other departments or entities such as the College

of Tropical Agriculture and Human Resources (CTAHR), Department of Land and Natural Resources (DLNR), and DBEDT. Most recently we have worked with the DBEDT's High Technology Development Corporation on a transportation project and have frequently consulted with the Energy Branch on bio-fuel feedstock projects.

Given ADC's current focus, staffing, and workload, we strongly believe that ADC should continue to be attached to the DOA for administrative purposes and that no change to the ADC board is necessary. Following are the areas of experience and expertise of our current board members: Extensive backgrounds in retail, wholesale, distribution, and transportation and shipping of agricultural products are held by our chairperson, Teena Rasmussen, Duane Lau and Wayne Katayama. In addition, Mr. Lau and Mr. Katayama have experience in packaging and processing. David Rietow has experience in distribution, packaging and processing, and transportation of agricultural products. Vice chair Robert Sutherland has personally worked with transportation and shipping of cattle. Also on the ADC board is Robert Cooper, former president and CEO of W. H. Shipman Limited, Dr. Robert Osgood, former Vice President of Hawaii Agriculture Research Center, and attorney Christine Daleiden, who formerly worked with the State of Hawaii Office of the Attorney General representing ADC and the Department of Agriculture.

We do not believe moving ADC to DBEDT will make ADC serve the agricultural stakeholders any better, and in fact it may have the opposite effect. We respectfully request this bill be held. Thank you.



Maui County Farm Bureau

*An Affiliate of the American Farm Bureau Federation and Hawaii Farm Bureau Federation
Serving Maui's Farmers and Ranchers*

TESTIMONY

HB2085

RELATING TO THE AGRIBUSINESS DEVELOPMENT CORPORATION

HEARING BEFORE THE COMMITTEE ON AGRICULTURE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS

Chair Tsuji, Yamashita and Members of the Committees

My name is Warren Watanabe, Executive Director of the Maui County Farm Bureau, a non-profit general agriculture organization and an affiliate of the Hawaii Farm Bureau Federation.

MCFB on behalf of our member farmers, ranchers and agricultural organizations, strongly **OPPOSES** HB2085, transferring the Agribusiness Development Corporation from the Department of Agriculture to the Department of Business and Economic Development.

Everyone wants agriculture. Few actively engage in supporting the industry. This proposal to transfer the Agribusiness Development Corporation from the Department of Agriculture to the Department of Business and Economic Development will result in loss of focus on the potential of ADC. We recognize that ADC has had shortcomings in the past. However, it is undergoing change and improvement. Transferring the organization to another department will result in loss of momentum. DBED's priority is NOT agriculture. Those of us in the farming industry feel that they should be a stronger advocate of the industry but they have not exhibited such a tendency in the past. We are at a critical time and passing on responsibility of ADC to a department without proven commitment to agriculture is unwise.

We respectfully request your strong opposition to this measure.

Respectfully submitted,

Warren K. Watanabe
Executive Director
MCFB

P.O. Box 148
Kula, HI 96790

ph: 808 2819718
email:mauicountyfb@hotmail.com



**Hawaii
Aquaculture
Association**

To:

HOUSE OF REPRESENTATIVES
THE TWENTY-FOURTH LEGISLATURE
REGULAR SESSION OF 2008

COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS

The Honorable Kyle T. Yamashita, Chair
The Honorable Glenn Wakai, Vice Chair

COMMITTEE ON AGRICULTURE

The Honorable Clift Tsuji, Chair
The Honorable Tom Brower, Vice Chair

HEARING

DATE: January 29, 2008
TIME: 8:30a.m.
PLACE: Conference Room 325, State Capitol
415 South Beretania Street

From: Ronald P. Weidenbach, President, Hawaii Aquaculture Association
Cell: 429-3147, Email: hawaiiifish@gmail.com

Re: HB 2085 Relating to the Agribusiness Development Corporation

Chair Yamashita, Chair Tsuji, Vice Chair Wakai, Vice Chair Brower, and Committee Members:

The Hawaii Aquaculture Association (HAA) respectfully opposes House Bill No. 2085, which makes the Agribusiness Development Corporation (ADC) an attached agency of the Department of Business, Economic Development, and Tourism (DBEDT), instead of the Department of Agriculture (DOA), requires DBEDT to provide its expertise to ADC, and requires the composition of the Board of ADC to include certain secondary industries related to agriculture.

The ADC is currently attached to the appropriate State agency with direct expertise for agricultural resource development, management, engineering, marketing, financing, and statistical expertise. The additional expertise that DBEDT could supply to ADC should be accomplished without ADC's removal from its current operational modality. DBEDT would not be compatible with the preservation of agricultural lands, actual food production, or sudden catastrophic response for irrigation problems.

The HAA opposes the passage of HB 2085, which makes the ADC an attached agency of DBEDT. Instead, the HAA would like to keep the ADC within the DOA. Thank you for the opportunity to testify.

**Hawaii
Crop
Improvement
Association**

Sarah Styan, President
P.O. Box 609
Waimea, Hawaii 96796
Phone: 808- 338-8300 ext 113

Testimony by: Sarah Styan
HB 2085, Relating to Agribusiness Development Corporation
House EDB/AGR Committee
Tuesday, Jan. 29, 2007
Room 325: 8:30 am

Position: Oppose

Chairs Yamashita and Tsuji, and Members of the House EDB/AGR Committee:

My name is Sarah Styan. I am a Kauai resident, President of HCIA and research scientist of Pioneer Hi-Bred International, Waimea Research Station. The HCIA represents seed production and research facilities operating in Hawaii for nearly 40 years. The HCIA is comprised of five member companies that farm an estimated 8,000 acres on four islands, valued at \$97.6 million in operating budget (2006/2007 HASS). We are proud members of Hawaii's diversified agriculture and life sciences industries.

HCIA believes that the State and Hawaii's farmers are better served with the existing administrative attachment of ADC to the Department of Agriculture. Both entities are focused on agriculture functions and issues, and share resources to better the agriculture industry. Moving ADC to DBEDT will dilute the resources for agriculture.

Thank you for the opportunity to present testimony.



Hawaii Agriculture Research Center

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Aiea, Hawaii 96701

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TESTIMONY BEFORE THE HOUSE COMMITTEES ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS AND ON AGRICULTURE

HOUSE BILL 2085

RELATING TO THE AGRIBUSINESS DEVELOPMENT CORPORATION

January 29, 2008

Chairmen Yamashita and Tsuji and Members of your respective Committees:

My name is Stephanie Whalen. I am President and Research Director of the Hawaii Agriculture Research Center (HARC). I am testifying today on behalf of the center, our research and support staff, and our members and clients.

HARC opposes House Bill 2085 Relating to the Agribusiness Development Corporation.

Other bills propose that the Department of Business and Economic Development and Tourism create a new energy division as well as take on the ADC. Once before DBEDT was to handle the marketing of agriculture and failed miserably. The diversity of agriculture was much less than it is today and far less complicated. Agriculture will become an orphan once again with little interest when competing in the department where filming, IT, tech, energy, etc. hold the attention of its staff. As before it will be at the bottom of the priority list. Establishing better coordination and communication between the agencies would go a long way to accomplishing what this bill proposes without the disruption that occurs in moving responsibilities from one agency to another.

The Farm Bureau has developed a strategic plan, similar to the 6 that the state prepared before them. What is needed is implementation of the steps we all know so well but which require funding. Moving the functions around from one department to another does nothing but dilute the feeble resources available to agriculture. All the agricultural support organizations at the federal or state level have been downsized by resource reduction but through internal reorganizing have improved productivity by cross-training, collaboration and partnering with other organizations having different strengths. The Department of Agriculture and the Agribusiness Development corporation have developed a similar partnership improving the productivity of ADC through the strengths of HDOA. There are many organizations that have evolved that support the diversity that has evolved in agriculture. Partnering among these

support groups is what is becoming more effective than having a single agency attempt to be all things to all groups.

The former agricultural operations because of their size were able to provide for themselves much of the support infrastructure needed: land, water, research, labor, transportation, processing, marketing, etc. This support infrastructure is now needed across crops and businesses. The existing supportive agencies need improve funding levels but targeted to support the increasing diversity and needs of agricultural businesses today. Providing increased funding for existing functions no matter what organization or agency they are in will accomplish the same intent of this proposed measure with much less disruption.

As for acquiring the expertise as suggested in the change of the board make up, this could also be achieved by the existing board setting up advisory committees for specific tasks as the need arises. This would provide for focused groups of more than one expert in the area to work on a particular issue as needed. These committees would not be standing committees but formed for specific purposes and dissolved when the task is accomplished.

Thank you for the opportunity to testify in support of Hawaii's agricultural needs but in opposition to this proposed measure.



**East Kauai
Water Users' Cooperative**

4334 Rice Street, Suite 202
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TO: Rep. Clift Tsuji
Chairperson, Committee on Agriculture
and
Rep. Kyle T. Yamashita
Chairperson, Committee on Economic Development and Business Con-
cerns
House of Representatives, State of Hawaii

January 26, 2008

RE: **Testimony on HB 2085 – Tuesday 1/29/08, 8:30am, Room 325**

Chairpersons Tsuji, Yamashita, and Members of the Committees:

My name is Jerry Ornellas. I am the president of the East Kauai Water Users' Cooperative.

The East Kauai Water Users' Cooperative is opposed to HB 2085, which would transfer the Agribusiness Development Corporation (ADC) to DBEDT because we believe the long-term agricultural goals to which ADC is committed is better administrated within the Department of Agriculture. ADC currently shares a lot of DOA's resources, and the two agencies have common interests and goals. To attach ADC to DBEDT would weaken the limited resources the State of Hawaii has to offer to the agricultural industry.

With ADC under DOA, the needs of Hawaii's farmers and ranchers will best be served, while our valuable state-owned agricultural lands will be used to their highest and best purpose.

I respectfully ask that you do not pass this bill.

East Kauai Water Users' Cooperative

Jerry Ornellas, President

wakai1-Karen

From: Susan Matsushima [alluvio@aloha.net]
Sent: Saturday, January 26, 2008 9:43 AM
To: EDBtestimony
Cc: 'Alfredo A. Lee'
Subject: Testimony

RE: HB2085 RELATING TO AGRICULTURAL DEVELOPMENT CORPORATION

**TO: Chair Clift Tsuji and members of Agriculture Committee
Chair Kyle Yamashita and members of the Economic Development and Business Committee**

Re: **Strong Opposition** of the movement of ADC from HDOA to DBEDT

From: Susan Matsushima, Owner/CEO Alluvion, Inc. Haleiwa Hawaii

Hearing: January 29, 2008 8:30 a.m. Room 325 State Capitol

Copies needed: 14

I would like to voice very strong opposition to the movement of Agricultural Development Corporation from the Hawaii Department of Agriculture to DBED. ADC's mission and goals are in line with those of HDOA's for the promotion and survival of agriculture in Hawaii.

ADC has been confined with the limited resources provided to them to run their program. The staff of three and a voluntary Board have moved forward with the securing of water resources (Waiahole and Kekaha) and also the securing of land. These steps have been done with the assistance of the personnel at HDOA. The ADC setup allows for more lands and water systems to be under their management.

Agriculture is the strongest factor for Hawaii to develop a sustainable future. Agriculture not only provides food for the people but also possibilities for resources for renewable energy.

Please stop the move of ADC.

Thank you!

wakai1-Karen

From: Bobby Cooper [eleuhilo@gmail.com]
Sent: Saturday, January 26, 2008 3:21 PM
To: EDBtestimony
Subject: HB 2085

Dear Chair Rep Yamashita and Chair Rep Tsuji and committee members:

Committees on Economic Development & Business Concerns and Committee on Agriculture
Hearing on 1/29/08 at 8:30 AM

My name is Robert (Bobby) Cooper, and I am a member of the board from the Big Island of the Agribusiness Development Corporation.

Thank you for the opportunity to make some comments on this bill.

The bill says in it's preamble that ADC is the primary agency with respect to assisting and supporting agriculture in the State. Hmm...

I believe the Dept. of Agriculture is that. We certainly do a lot of that, but in cooperation with the DOA. With our staff of three or four, it is impossible to be the primary agency. It also mentions that there is a need to add members of the board (presumably new) people with various marketing and sales skills. I would submit that the present board membership has these skills and knowledge already. We have a pretty diversified board and they represent many different areas and skills necessary in agriculture.

It would seem that the goal of this bill is to change the emphasis of what we do. The original legislation setting us up certainly sounds like it was the intent to have us solve **all** the problems, but later determinations have limited our ability to do many things. And, as I said previously, I believe we do an incredible job with the small staff and limitations we now live with.

Most of what we have been able to do deals with situations involving state land that was previously leased for sugar cultivation that has issues of various water sources on State land. The staff has become quite skilled on understanding and handling these situations which includes the untangling of past agreements and setting up new ways to make them work and make the land available for diversified ag uses.

If the goal is to fulfill all the duties set out in the original legislation, a much, much larger staff and budget is necessary. Given the State's present state of money available, it would seem prudent to continue having ADC report through the DOA which really helps us in many, many ways and not have us transferred to DBEDT.

I don't believe the major obstacle in agriculture is marketing knowledge, I believe the major obstacle is preserving the present ag land and making it available to farmers. I believe these farmers either have the knowledge to market, or with some State help, they can acquire it.

Bobby Cooper 486-B Akolea Road, Hilo, HI 96720

1/28/2008

wakai1-Karen

From: Jeffrey McCall [JeffreyMcCall@StarBand.net]
Sent: Sunday, January 27, 2008 3:35 PM
To: EDBtestimony
Subject: HB 2085
Attachments: oledata.mso



McCall Flower Farm, Inc.

Mail to: P.O. Box 837

Ship to: 96-1029 Center Rd.

Pahala, HI 96777

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TO: Rep Clift Tsugi and members of House Committee on Agriculture
Rep Kyle Yamashita and members of House Committee on Economic Development and Business Concerns

FROM: Jeffrey McCall, Secretary/Treasurer, Ka'u Agricultural Water Cooperative District

DATE: Sunday, January 27, 2008

RE: House Bill 2085 Relating to the Agribusiness Development Corporation
Hearing January 29, 200
8:30 am

I am a farmer and small businessman in the Ka'u area, where we have been farming since 1993. We currently have 15 employees in a rural and economically depressed area.

Farmers and ranchers in the Ka'u district have been forming a cooperative to manage and equitably distribute the agricultural water resources developed by the sugar plantations in years past. ADC and the Department of Agriculture under Chair Sandy Kunimoto have been instrumental in our progress organizing and securing the water sources. There is a synergy between ADC and DOA that I am afraid would be lost if ADC were transferred to DBEDT.

I strongly oppose HB 2085, which would transfer ADC to DBEDT.

To: Committee on Economic Development & Business Concerns
Representative Kyle T. Yamashita, Chair

Committee on Agriculture
Representative Clift Tsuji, Chair

EDBtestimony@Capitol.hawaii.gov

From: Michelle Galimba
Kuahiwi Ranch
PO Box 294
Naalehu HI 96772

RE: HB 2085
Hearing scheduled: January 29, 2008, 8:30 am
5 copies requested by committee

January 27, 2008

Chairs Yamashita & Tsuji:

I would like to express my **strong opposition** to HB 2085.

My family and I run a cattle ranch on 10,000 acres in Ka'u. I am also director on the board of the Ka'u Soil and Water Conservation District.

The Agribusiness Development Corporation has been deeply involved over the past two years in helping the farmers and ranchers of Ka'u in moving towards securing agricultural water on a long-term basis. The ADC has shown a strong grasp of the essential services necessary for agricultural production. I feel that this understanding and connection with agriculture would be weakened by moving the agency to DBEDT, and thus would weaken ADC's ability to help with agricultural infrastructure projects such as the agricultural water project here in Ka'u. The ADC provides valuable, practical support to Hawaii's agriculture industries and its abilities to provide such support should be strengthened while maintaining its strong connection with agriculture.

Respectfully,

Michelle Galimba