

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

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Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
COMMITTEE ON ECONOMIC DEVELOPMENT
and
COMMITTEE ON AGRICULTURE
Tuesday, January 29, 2008
8:30 a.m.
State Capitol, Conference Room 325

in consideration of
HB 2417
RELATING TO AGRICULTURE COOPERATIVES.

Chairs Yamashita and Tsuji, Vice Chairs Wakai and Brower and Members of the House Committee on Economic Development and House Committee on Agriculture.

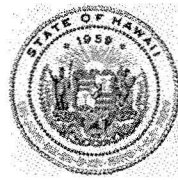
The Department of Business, Economic Development, and Tourism (DBEDT) takes no position on HB2417 which provides for the planning and implementation of a statewide agricultural cooperative. The Department defers to the Department of Agriculture (DOA) regarding the merits of this bill.

There have been many good ideas introduced this legislative session that support the State's economic development goals. We hope the legislature will see fit to support, pass and fund these ideas, together with the priorities of the Executive's Supplemental Budget. Should

this measure pass, DBEDT will be pleased to work with the DOA in establishing the agricultural cooperative.

Thank you for the opportunity to provide these comments.

LINDA LINGLE
Governor



SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE OKAMOTO
Deputy to the Chairperson

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**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. 2417
RELATING TO AGRICULTURE COOPERATIVES**

Chairperson Yamashita, Chairperson Tsuji and Members of the Committees:

Thank you for the opportunity to comment on House Bill No. 2417. The purpose of this bill is to establish a process for the planning and establishment of a statewide agricultural cooperative. The Hawaii Department of Agriculture (HDOA) offers the following comments.

The Agricultural Development Division (ADC) has the expertise to manage complex projects like this, but would face resource challenges to efficiently manage the planning and implementation process. Additional staffing and funding would be needed to support the project. The project itself needs to be defined so that its scope has congruous rather than conflicting parts. Further, the scope should be evaluated for the likely extent of companies joining the cooperative and the expected cost to these companies for the services and functions to be provided by the cooperative.

LINDA LINGLE
Governor



ALFREDO A. LEE
Executive Director

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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 2417
RELATING TO AGRICULTURAL COOPERATIVES

Chairpersons Yamashita and Tsuji and Members of the Committees:

The Agribusiness Development Corporation (ADC) supports the intent of House Bill 2417, provided that its passage does not replace or adversely impact the priorities in the Executive Biennium budget. We believe a state-wide agricultural cooperative could be beneficial and will provide the coordinated effort required for the industry to address marketing, distribution, and transportation issues.

We want to comment that by definition a cooperative is a private entity managed by its members and normally funded by providing services to its membership. However, it is likely that much public funding is needed to support a cooperative of this nature at the beginning. It would also be necessary to

clearly define the intended membership of the cooperative. A cooperative consisting of diverse producers, on dissimilar lands, with varying access to water, transportation and markets, would not have a well defined focus and would be difficult to organize and manage.

We recognize that House Bill 2416 requests a similar task be undertaken by the Department of Agriculture. If the Legislature decides to have ADC take on this task, we wish to point out that the ADC is a small agency with a staff of three employees and has no personnel resources readily available to handle added responsibilities. In addition to managing our existing irrigation systems and agriculture lands, we have recently added the Kau irrigation system and the Kalepa agriculture lands to our list of major, on-going projects. In order to accomplish this task successfully, we respectfully request that: (1) a special assistant position be added to the ADC staff to assist with this project and other tasks, (2) funding to support a consultant and related expenses, and (3) to move back the reporting date to the Legislature from December 31, 2008 to December 31, 2009.

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

HB2416

HB2417

RELATING TO AGRICULTURAL COOPERATIVES

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

Chair Yamashita, Tsuji 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, support the concept of HB2416 and HB2417, establishing a statewide agricultural cooperative.

Across the country, cooperatives are a tested method of providing productivity improvements for agricultural operations. Here in Hawaii, there have been numerous cooperatives. Few have succeeded but many have failed or are struggling. We support the concept of cooperatives, however, are concerned that understanding of why cooperatives have not succeeded in Hawaii must occur. HB2417 provides for planning of the cooperative. We urge that greater emphasis be undertaken to understand the failures of the past and how they can be minimized in the future.

We respectfully request your consideration of this measure.

Respectfully submitted,

Warren K. Watanabe
Executive Director

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