

SB 1153

NEIL ABERCROMBIE
Governor



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

RUSSELL S. KOKUBUN
Chairperson, Board of Agriculture

JAMES J. NAKATANI
Deputy to the Chairperson

**TESTIMONY OF RUSSELL S. KOKUBUN
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
THURSDAY, FEBRUARY 24, 2011
9:00 A.M.
CONFERENCE ROOM 211**

**SENATE BILL NO. 1153
RELATING TO AGRICULTURAL LOANS**

Chairperson Ige and Members of the Committee:

Thank you for the opportunity to comment on SB 1153.

The Department strongly supports this bill.

The purpose of this bill is to enhance the new farmer loan program by reducing the interest rate, increasing the loan limit and reducing the number of credit denials required to qualify for the program. It also appropriates funds to directly target new farmers.

The new farmer loan program is intended to encourage entrepreneurs to enter the production of agriculture on a full-time basis. Access to affordable capital is vital for start-up business and is especially difficult for new farm operators to obtain. Currently, the interest rate for the new farmer loan program is fixed at 6%. The proposal will set the interest rate at 1.5% below the prime rate with a cap of 6%. This will ensure that the interest rate for the new farmers will be below the interest rate for the qualified farmers.

The loan limit of \$100,000 has not been increased since the establishment of the program in 1972. Due to increased capital requirements, the loan limit will be increased to \$250,000.

Commercial lenders are especially reluctant to fund start-up operations and the reduction of credit denials would make the program more user-friendly.

New farmers will need to be encouraged if the State is to meet its sustainability goals in food production. Availability of affordable credit is the first step in this process.

Thank you for the opportunity to testify on this measure.

The Pacific Resource
PARTNERSHIP



Testimony of C. Mike Kido
External Affairs
The Pacific Resource Partnership

Senate Committee on Ways and Means
Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair

SB 1426, SD1 Relating to Pubic Funds
Thursday, February 24, 2011
9:00 A.M.
Conference Room 211

Chair Ige, Vice Chair Kidani and Members of the Committee,

My name is C. Mike Kido, External Affairs for the Pacific Resource Partnership (PRP), a labor-management consortium representing over 240 signatory contractors and the Hawaii Carpenters Union.

PRP and its member contractors oppose SB 1426, SD 1 which proposes to return \$200 million in funding for the rail surcharge to the State General Fund.

PRP understands and appreciates the difficulty faced by the Legislature in determining a way to resolve the shortfall in the State budget. However, diverting the funds that should be used to build the rail transit system will cause great harm to our community and its residents.

The city has already raised \$612.8 million through the state general excise tax surcharge which was created specifically to finance the construction of the rail project and also received \$69 million in federal appropriations. The Federal Transit Administration gave its final approval to move forward with the estimated \$5.5 billion project. The contract for the first phase of rail has already been awarded to one of our PRP members, and has a value of \$480 Million which is most of the GET funds collected to date.

The rail project has been welcomed news to a struggling construction industry that is dealing with the severe economic downturn. Investment in public infrastructure has been identified as one of the key means of stimulating the economy. Rail is poised to be the largest public works project ever undertaken in the state, creating 10,000 new direct and indirect jobs each year.

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Allowing the state to divert the transit funds could delay or even jeopardize this much needed economic stimulus. Additionally, this action would send a wrong message to the federal government at a critical time, that Hawaii's commitment to funding rail is not secure.

The Legislature is faced with a very difficult task in dealing with the budget deficit. And while taking the transit funds may seem to be a solution in the short term, we urge the Legislature to take a long term view and consider the greater impact the rail transit will have on Hawaii's economic well being and our future.

Thank you for allowing us to share our views on SB 1426, SD1 – Relating to Public Funds.