

**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 HOUSE COMMITTEE ON AGRICULTURE  
FRIDAY, FEBRUARY 4, 2011  
9:00 A.M.  
CONFERENCE ROOM**

**HOUSE BILL NO. 869  
RELATING TO AGRICULTURE**

Chairperson Tsuji and Members of the Committee:

Thank you for the opportunity to comment on House Bill No. 869. The Department of Agriculture supports the overall intent of this bill to establish a program for state matching funds for expenses incurred by the counties in supporting agriculture and to make an appropriation to the department.

The Department believes the program proposed will help to support the growth and sustainability of agriculture in the various counties. On a smaller scale, we have a matching funds program for marketing within the department, that fund projects to improve the competitiveness and efficiency of Hawaii's agriculture, including but not limited to, distribution systems, local, domestic, and international market access and expansion, product marketability, sales and promotional events, and industry capacity building. The program utilizes a competitive Request-for-Proposal (RFP) procedure to award funds, mainly to agricultural trade associations. A total of \$60,000 was awarded in FY 2010.

The response to the program has been positive in the past few years. The requests for state matching funds have always exceeded the ceiling on available funding.

Thank you for the opportunity to comment on this bill.

TESTIMONY BY KALBERT K. YOUNG  
INTERIM DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON AGRICULTURE  
ON  
HOUSE BILL NO. 869

February 4, 2011

RELATING TO AGRICULTURE

House Bill No. 869 establishes the State Matching Funds program and the State Matching Funds for County Agricultural Support special fund into which would be deposited legislative appropriations, grants and gifts, and interest earned on moneys in the special fund. The State Matching Funds for County Agricultural Support special fund would be used to provide state matching funds to counties for positions or other expenses incurred to support agriculture.

As a matter of general policy, the Department of Budget and Finance does not support the creation of any special fund which does not meet the requirements of Section 37-52.3 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. In regards to House Bill No. 869, it is difficult to determine whether the fund will be self-sustaining since the only source of funding currently identified is an unspecified general fund appropriation.