

**SB 118**

**nishihara5 - Randy**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 07, 2011 5:26 PM  
**To:** AGL Testimony  
**Cc:** Leslie.Campaniano@hawaii.gov  
**Subject:** Testimony for SB118 on 2/8/2011 2:55:00 PM  
**Attachments:** SB0118\_AGR\_02-08-11\_AGL-final.pdf

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Testimony for AGL 2/8/2011 2:55:00 PM SB118

Conference room: 229  
Testifier position:  
Testifier will be present: Yes  
Submitted by: Chair Russell S. Kokubun  
Organization: Hawaii Department of Agriculture  
Address:  
Phone: 973-9552  
E-mail: [Leslie.Campaniano@hawaii.gov](mailto:Leslie.Campaniano@hawaii.gov)  
Submitted on: 2/7/2011

Comments:

**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  
AGRICULTURE**

**FEBRUARY 8, 2011  
2:55 P.M.  
ROOM 229**

**SENATE BILL NO. 118  
RELATING TO AGRICULTURE**

Chairperson Nishihara and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 118. The purpose of this bill is to transfer the agricultural parks program from the Department of Agriculture (DOA) to the Agribusiness Development Corporation (ADC) and transfers promotion and marketing of agricultural products from DOA to ADC. It also authorizes ADC to provide equity financing to farmers to improve farming activities. The Department opposes this bill.

In the 2006 legislative session, and again in the 2008 legislative session, bills were introduced to move several programs from the DOA to the ADC and other departments. Moving the Agricultural Parks program from the DOA to ADC was included in the 2006 bills. Widespread opposition to the bills in both sessions from the agricultural sector clearly showed this was an undesirable action.

The ADC was created as a rapid-response agency to stabilize deteriorating plantation water systems and vacant plantation lands and transition these lands and infrastructure into use for diversified agriculture. The ADC was designed to be entrepreneurial in practice, with exemptions to quickly put diversified farmers onto the land and settle issues related to the difficult and complicated transition process. Once the ADC transition projects mature, these

stabilized projects can be transferred to appropriate agencies or organizations, including the DOA's Agricultural Resource Management Division (ARMD), cooperatives, or other new formats that may be suitable for that particular situation. The ARMD, in contrast, is the long-term management entity of state-owned agricultural lands and irrigation systems. Its programs operate under administrative rules, offering users as well as the state, protection, predictability, and opportunities to be heard during the public hearing process.

The transfer of the Agricultural Parks program to the ADC will not in any way streamline the program or create efficiencies as there is no overlap. The ARMD has integrated operations, management, and administrative functions sharing personnel and physical resources. This has led to cost savings for all of the division's programs as redundancies are eliminated. Moving the Agricultural Parks program would necessitate the creation of several new positions within the ADC to duplicate the needs that are currently shared within the division as transferring of these personnel is not an option since the need for these duties remain. The transfer will also require the ADC to purchase additional equipment to support the new personnel (office equipment, vehicles, etc.). Additionally, as the rest of the personnel and equipment are shared, the removal of the Agricultural Parks program will place a significantly heavier financial burden on the remaining programs, leading to an increase in required general fund support or eventual insolvency.

Likewise, the transfer of the promotion and marketing of agricultural products to the ADC may impact the eligibility of the marketing program to access some important federal funding sources that are crucial to supplementing declining state funding.

Additionally, the marketing program has invested heavily in collateral design and development with the Department's promotional partners. The cost of the intangibles – collaborative efforts, partnerships and goodwill are difficult to measure. A transfer of the marketing program to the ADC would require new investments in the basic promotional infrastructure, such as branding logo, marketing website, media materials, contact sites, and educational outreach to our local, domestic and international clients.

Thank you for the opportunity to comment on this bill.

**nishihara5 - Randy**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 07, 2011 5:18 PM  
**To:** AGL Testimony  
**Cc:** Leslie.Campaniano@hawaii.gov  
**Subject:** Testimony for SB118 on 2/8/2011 2:55:00 PM  
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Testimony for AGL 2/8/2011 2:55:00 PM SB118

Conference room: 229  
Testifier position:  
Testifier will be present: No  
Submitted by: Alfredo Lee  
Organization:  
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Submitted on: 2/7/2011

Comments:



STATE OF HAWAII  
**AGRIBUSINESS DEVELOPMENT CORPORATION**  
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TESTIMONY OF ALFREDO LEE  
EXECUTIVE DIRECTOR  
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE SENATE COMMITTEE ON  
AGRICULTURE

Tuesday, February 8, 2011  
2:55 pm  
Conference Room 229

SENATE BILL NO. 118  
RELATING TO AGRICULTURE

Chairperson Nishihara and Members of the Committee:

The Agribusiness Development Corporation (ADC) opposes Senate Bill 118 as written. We understand the intent of this bill is to help move agriculture forward, however at this time we can't anticipate meaningful value by restructuring the Department of Agriculture (DOA). ADC also recognizes there are several critical issues for agriculture which need attention, due to these tough economic times. We recommend the formation of a task force or study group of stakeholders, to include but not be limited to DOA, ADC, Hawaii Farm Bureau Federation, CTAHR, and commodity groups, with the goal to prioritize the various issues and how resources should be best allocated in order to optimize efficiency and effectiveness.

**nishihara5 - Randy**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 08, 2011 5:31 AM  
**To:** AGL Testimony  
**Cc:** warrenmcfb@hotmail.com  
**Subject:** Testimony for SB118 on 2/8/2011 2:55:00 PM  
**Attachments:** SB118 ADC transfer agpk and mktg HFBF.docx

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Testimony for AGL 2/8/2011 2:55:00 PM SB118

Conference room: 229  
Testifier position: comments only  
Testifier will be present: Yes  
Submitted by: Warren Watanabe  
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Submitted on: 2/8/2011

Comments:



**Hawaii Farm Bureau**  
F E D E R A T I O N

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February 7, 2011

**TESTIMONY**

**Re: SB118 RELATING TO AGRICULTURE**

Chair Nishihara and Members of the Committee:

Hawaii Farm Bureau Federation on behalf of commercial farm and ranch families and organizations in the State submits the following comments on SB118, seeking to transfer programs to the Agribusiness Development Corporation.

The Agribusiness Development Corporation was initiated by the agricultural industry as closure of plantations escalated and mechanisms needed to be identified to quickly place farmers on lands that were destined to be idled. The intent was a fast track process similar to the intent behind initiatives now being proposed to promote renewable energy. The need was there. What could be done to make it happen quickly?

The measure was passed but unfunded and ADC struggled through its' initial years. It has gradually matured but still has not reached the intended role of the measure. The suggested transfers reflect the initial vision of the crafters of this measure but we strongly believe the organization does not yet have the capacity to undertake these responsibilities.

We therefore request that a task force made up of the ADC Board, industry representatives, HDOA and CTAHR along with a person with financial expertise be convened to strategize the long term plan for the future of ADC. The Plan should address how it will complement the mission of HDOA. The findings should be reported to the Legislature in 2012 along with necessary legislation to begin the implementation steps.

We respectfully request amending this measure to provide for an orderly transition to fulfill the initial intent of ADC. We appreciate this opportunity to provide our opinion on this matter. If there are any questions please contact Warren Watanabe at 2819716. Thank you.