

NEIL ABERCROMBIE
Governor



RUSSELL S. KOKUBUN
Chairperson, Board of Agriculture

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

BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

February 24, 2012
9:00 A.M.
Conference Room 211

**SENATE BILL NO. 2352 SD1
RELATING TO AGRICULTURE**

Chairperson Ige and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 2352 Senate Draft 1. The purpose of this bill is to authorize the issuance of \$20,000,000 in special purpose revenue bonds to assist Kauai Coffee Company Incorporated, in the planning, construction, and operation of a coffee processing facility for the production of Hawaii-grown coffee products. The Department supports this bill and offers comment.

A coffee processing facility would add value to the coffee industry by providing the farmers and processors the option to create products that the global market is demanding. Instant and freeze-dried coffee is the choice of most global consumers challenged with limited living space and diminishing disposable income, because the only requirement to brew a cup is hot water. Newer products such as liquid concentrated coffee are becoming more popular and Hawaii coffee producers are sending their coffee off-shore to create this value-added product that requires only tap water to brew a cup of coffee. The facility is a logical next step to support the coffee industry stakeholders.

The Department points out that of the 54.4 million pounds of coffee produced in the state since 2003, approximately 55 percent was produced in Hawaii County with Honolulu, Kauai and Maui Counties producing the remaining 45 percent of the total. All counties have need for a

processing facility for coffee as well as other agricultural commodities to add value to their production.

The Department is a strong advocate for adding value to the agricultural commodities to increase revenues and defers to the Department of Budget and Finance to address the issuance of the special purpose revenue bond.

Thank you for the opportunity to comment on this bill.