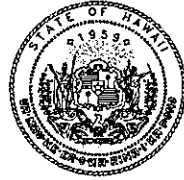


**SB 2375**

Testimony



State of Hawaii  
DEPARTMENT OF AGRICULTURE  
1428 South King Street  
Honolulu, Hawaii 96814-2512  
Phone: (808) 973-9600 FAX: (808) 973-9613

TESTIMONY OF RUSSELL KOKUBUN  
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE ON AGRICULTURE  
Tuesday, February 7, 2011  
Room 229  
2:50 P.M.

SENATE BILL NO. 2375  
RELATING TO AGRICULTURAL-BASED COMMERCIAL OPERATIONS

Chairperson Nishihara and Members of the Committee:

Thank you for this opportunity to provide testimony on Senate Bill No. 2375 which proposes to amend references to roadside stands in Chapter 165, the Hawaii Right-to-Farm Law, and in Sections 205-2 and 4.5, the State Land Use Law with a three-tiered definition of agricultural-based commercial operations. The Department of Agriculture supports the intent of the bill but has some concerns.

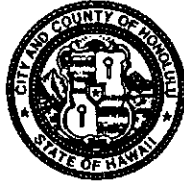
The Department is agreeable to allowing roadside stands to sell agricultural products grown in Hawaii and value-added products produced using raw Hawaii agricultural materials, understanding that this would also require Department of Health (DOH) oversight. However, other proposed retail activities are more difficult to align with the Department's goal to perpetuate agriculture and therefore difficult to enforce compliance. Also, retail food establishments go beyond the purview of the Department of Agriculture and would necessitate the involvement of DOH.

Thank you for the opportunity to present testimony.



DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**  
850 SOUTH KING STREET, 7<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
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PETER B. CARLISLE  
MAYOR



DAVID K. TANOUÉ  
DIRECTOR

JIRO A. SUMADA  
DEPUTY DIRECTOR

February 7, 2012

The Honorable Clarence K. Nishihara, Chair  
and Members of the Committee on Agriculture  
State Senate  
State Capitol  
Honolulu, Hawaii 96813

Dear Chair Nishihara and Committee Members:

Subject: Senate Bill No. 2375  
Relating to Agricultural-Based Commercial Operations

The Department of Planning and Permitting **opposes** Senate Bill No. 2375, which would allow agricultural-based commercial operations within the State Agricultural District. The proposal is too broad and the requirement that vendors primarily use raw Hawaii agricultural materials is very difficult to monitor and thus, unenforceable. In addition, the proposal would open up lands that have the greatest crop production ratings for commercial operations that include the retailing of imported logo products and the sale and service of food products produced out-of-state. As there is no language to limit the amount of non-Hawaii based raw materials used or sold, the commercial operators could primarily market or use out-of-state materials. Moreover, the bill would allow commercial operators to establish operations on any farm lot thereby competing with farmers who supplement their income with onsite sales of products grown on the premises and could drive up the price of good quality farm land.

Existing provisions of Chapter 205, HRS, already allow agricultural-based commercial operations as accessory to a working farm, and thus, protects farm land primarily for food production.

Please file Senate Bill No. 2375. Thank you for this opportunity to testify.

Very truly yours,

A handwritten signature in black ink, appearing to read "David K. Tanoue", is written over a horizontal line.

David K. Tanoue, Director  
Department of Planning and Permitting

DT:jmf  
sb2375-AgBasedCommerOps-ry.doc

Testimony of  
**Kylie Matsuda**  
Managing Director  
Kahuku Farms  
on  
**S.B. 2375**  
**Relating to Agricultural-based Commercial Operations**

Senate Committee on Agriculture  
Tuesday, February 7, 2012  
2:50 p.m.  
Conference Room 229

Kahuku Farms, Matsuda-Fukuyama Farms, and Kahuku Farmers strongly supports S.B. 2375, which will allow agricultural-based commercial operations on agricultural lands. These entities are owned and managed by the Matsuda and Fukuyama families.

Together, our farms operate on more than 300 acres located in Kahuku, Kawaihoa, and Haleiwa. We employ about 40 people from the community and specialize in growing long eggplant, luau leaf, papayas, apple bananas, and have recently ventured into growing vanilla, cacao, lilikoi, mangos, and many other tropical fruit crops. We are food safety certified and have also invested in a certified commercial kitchen at our farm in Kahuku.

Our produce is sold at farmer's markets, super market chains and to wholesalers here in Hawaii. We also produce value added products in our farm commercial kitchen such as Lilikoi Jelly, Mango Tea, Pineapple Papaya Jam, and promote them at the Farmers' Markets at Kapiolani Community College, Waiialua, and the Royal Hawaiian Shopping Center.

However, our primary retail market for our value added products are sold at our farm Country Store in Kahuku. People from all around the community have come to enjoy our fresh produce, long eggplant panini sandwiches, papaya and banana smoothies, lilikoi sorbet, vanilla ice cream, and grilled banana bread all created from fresh ingredients grown on the farm.

My dad, Melvin, myself, and over a hundred other leaders in agriculture have had an amazing opportunity to be a part of The Agricultural Leadership Program Of Hawaii. This program has enlightened and engaged us to other ways of farming in Hawaii and abroad. Marketing, land, water, labor, housing, energy, natural resources, strategic planning, and agri-tourism are some of the topics that we explored. It is through this leadership program that we have learned to think out of the box and we are encouraged to protect, support, and promote all of Hawaii's agriculture.

In 2005, Kahuku Farms was born because we felt the desire to open our farm to the public to educate all who were interested in learning about what it is we do as farmers and where their food comes from.

S.B. 2375, will help to make it easier for agricultural operators to start commercial operations providing another direct sales outlet for their agricultural products. The current law allows roadside stands to sell products only grown on their premises and is limited to 500 square feet. With this regulation, we are prohibited to sell products from our other farm sites in Haleiwa and Kawaihoa because it is not grown at our farm in Kahuku. My grandfather is a second generation cattle rancher from Mokuleia. It would be great to promote my families' grass fed beef at our country store.

We have invested heavily in our retail store in Kahuku and have experienced that current regulations make it extremely difficult to turn a profit. Our agri-tourism venture which started over 6 years ago has suffered extreme financial challenges and the permitting process and regulations had delayed our opening for a very long time. We have exhausted our financial budget and are asking you to help us through this new and exciting agricultural evolution.

H.B. 2375 will allow agricultural operators to expand the market for their products, increase their profits and sustain their agricultural operations.

Thank you very much for allowing me to present this testimony.

Kylie Matsuda  
Managing Director, Kahuku Farms.



THE SENATE  
THE TWENTY-SIXTH LEGISLATURE  
REGULAR SESSION OF 2012

COMMITTEE ON AGRICULTURE  
Senator Clarence K. Nishihara, Chair  
Senator Gilbert Kahele, Vice Chair

DATE: Tuesday, February 7, 2012  
TIME: 2:50 p.m.  
PLACE: Conference Room 229  
State Capitol  
415 South Beretania Street

**RE: Testimony in strong support of SB 2375 RELATING TO AGRICULTURAL-BASED COMMERCIAL OPERATIONS**

Dear Chair Nishihara, Vice Chair Kahele, and Committee Members:

The Hawaii Aquaculture and Aquaponics Association (HAAA), representing Hawaii's aquaculture and aquaponics industry statewide, strongly supports SB 2375 as written. SB2375 defines agricultural-based commercial operations and authorizes agricultural-based commercial operations in agricultural districts.

Agriculture and aquaculture are very difficult and challenging occupations, but are absolutely essential to Hawaii's often-stated goals of increased food security and increased self-sufficiency in local food production. Despite the often strenuous work and daily challenges, farmers and ranchers typically love their work and will continue to produce local food and other agricultural products when such efforts are sufficiently profitable to support the owners, employees, and families of those involved in these operations. To support Hawaii's farmers and ranchers, every effort should be made to facilitate the increased economic sustainability of Hawaii's agricultural and aquacultural enterprises.

SB2375 is an important step in this direction. In today's global economy with the widespread import of low-cost mainland and third-world agricultural goods and products, Hawaii's farmers and ranchers find themselves at a clear competitive and economic disadvantage, and need to explore creative marketing options and have the freedom and support to pursue these innovative opportunities in order to survive, expand, and prosper. Among the most promising of these opportunities are the pursuit agricultural-based commercial operations on Hawaii's farms and ranches for direct sales of locally-grown and value-added agricultural products and directly-

related logo products. Not only does this opportunity provide farm-fresh products to the consumer and improve the immediate cash flow to the farmer and rancher, it helps to reconnect the farmer and rancher to their community and helps to educate the general public as to where their food comes from and how it is produced. This connection has been largely lost in recent decades as most of our population has moved to urban centers, and its re-establishment is critical to the continued support of sustainable agriculture in Hawaii. For these multiple compelling reasons, the HAAA urges your support of SB2375 as written.

Thank you for the opportunity to comment.

A handwritten signature in black ink, reading "Ronald P. Weidenbach". The signature is written in a cursive style with a large initial "R".

Ronald P. Weidenbach  
HAAA President



## KAMEHAMEHA SCHOOLS

February 6, 2012

Testimony to the Senate Committee on Agriculture

Hearing Date: Tuesday, February 7, 2012

2:50 p.m., Conference Room 229

Senator Clarence Nishihara, Chair  
Senator Gilbert Nahele, Vice Chair  
Members of the Committee on Agriculture

**RE: Support of Senate Bill No. 2375 – Relating to Agricultural Based Commercial Operations**

I am Kapu C. Smith, Senior Land Asset Manager for Kamehameha Schools' Kawaihoa Plantation in Waialua, Oahu. I am here to testify in support of SB 2375 because it will have an immediate impact on the farmers' ability to improve their economic feasibility and thus continue to farm. Under the current land use, agricultural based commercial operations are not described as one of the permissible uses. As a result, this has increased permitting, limited the farmers' economic opportunities and placed them at a disadvantage with neighboring landowners. This means that their products can be sold across the street by others but not by the farmer on their own farm lot.

Thank you for the opportunity to testify in support of SB 2375.

567 South King Street • Honolulu, Hawai'i 96813-3036 • Phone 808-523-6200

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*Founded and Endowed by the Legacy of Princess Bernice Pauahi Bishop*







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

2343 Rose Street • Honolulu, Hawaii 96819  
Phone: (808) 848-2074 • Neighbor-Islands: (800) 482-1272  
Fax: (808) 848-1921 • Email: [info@hfbf.org](mailto:info@hfbf.org)  
[www.hfbf.org](http://www.hfbf.org)

FEBRUARY 7, 2012

HEARING BEFORE THE  
SENATE COMMITTEE ON AGRICULTURE

TESTIMONY ON SB 2375  
RELATING TO AGRICULTURAL-BASED COMMERCIAL OPERATIONS

Room 229  
2:50 PM

Chair Nishihara, Vice Chair Kahele, and Members of the Committee:

I am Brian Miyamoto, Chief Operating Officer and Government Affairs Liaison for the Hawaii Farm Bureau Federation (HFBF). Organized since 1948, the HFBF is comprised of 1,800 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community.

Hawaii Farm Bureau Federation supports with amendments SB 2375, clarifying requirements for farm stands and other farm related retail activities in the agricultural district.

Farm stands and other retail sales are significant revenue enhancing opportunities for our farmers and ranchers. The existing law has created some challenges for our existing farmers and ranchers who are conducting true farm stand operations in agricultural areas.

Many of our farmers have multiple lots on different TMKs. The existing law only allows the sale of "products grown on the premise". This limits the opportunity of the farm stand as if followed literally. They would not be able to sell all of the products they grow on all their different lots. At the same time, we have many "farm stands" selling product not grown in the County or Hawaii. We do not believe this is the intent of this amendment. Broadening the scope of the language to "raw Hawaii agricultural products" may be too broad, encouraging farm stands that are unrelated to actual agricultural activity. We therefore submit the following suggestions.

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(13) Agricultural-based commercial operations, including:

- (A) An enclosed roadside stand or other structure where agricultural products and value-added products produced using agricultural materials grown in the County are displayed and sold;
- (B) Retail activities in a producer-operated enclosed structure where fresh agricultural products, value-added products produced using products made from agricultural materials grown in the County, logo items related to the County's agricultural operations, and other food items are offered for sale directly to consumers; and
- (C) Retail food establishments permitted under the rules of the department of health, title 11, chapter 12, Hawaii Administrative Rules, that prepare and serve food at retail using products grown on the premises and raw Hawaii agricultural products, and value-added products produced using Hawaii agricultural products; the final perishable product must be wholly or partially manufactured, processed, or produced within the County from raw materials that originate from inside or outside the County and at least fifty-one per cent of the wholesale value of the perishable consumer commodity are added by manufacture, processing, or production within the County.

The language in (c) is modified from the "Made in Hawaii" statute. We modified it to read "county" since it is our intent of this measure is to encourage farm and ranch viability within the county in which the farm stand is located and not to encourage sale of products solely from outside of the county.

Enforcement of these laws is usually the challenge and HFBF is especially concerned about unintended consequences of allowing other types of retail activities. We therefore suggest the following language that requires self-certification of goods sold and provides significant penalties for violation.

The owner of the farm or retail establishment shall certify that the products being displayed or sold can be evaluated to determine that the products were grown in the County and that information may be requested to verify that the agricultural product meets the minimum specifications under this Chapter. Under this provision, the producer(s) certifies under penalty of sanctions that the offered agricultural product meets the requirements of this chapter.

HFBF respectfully requests passage of this measure with the amendments as suggested. We strongly believe farm stands and other on farm retail opportunities will increase the viability of our farmers and ranchers but also realize there is great opportunity of abuse. We feel, however, with adequate self-certification requirements that do not overly burden the County of enforcement responsibilities, the intended goal of this measure can be accomplished without significant unintended consequences.

I can be reached at (808) 848-2074 if you have any questions. Thank you for the opportunity to testify.

THE SENATE  
THE TWENTY-SIXTH LEGISLATURE  
REGULAR SESSION OF 2012

COMMITTEE ON AGRICULTURE  
Senator Clarence K. Nishihara, Chair  
Senator Gilbert Kahele, Vice Chair

DATE: Tuesday, February 7, 2012  
TIME: 2:50 P.M.  
PLACE: Conference Room 229  
State Capitol  
415 South Beretania Street

Chair Nishihara, Vice Chair Kahele, Members of the Committee. My name is John Corbin. I was formerly Manager of the Aquaculture Development Program in the Department of Agriculture and I strongly support S.B. 2375 Relating to Agricultural-based Commercial Operations. In practice the bill would clarify and expand the "direct-sales-by-aquaculture-and-agriculture- farmers-to-end-consumers" situation.

My experience over my 30 years in working with start-up and existing aquaculture farms is that while many farmers are content to sell their products to wholesalers and retailers, and increasing number of farmers would like to be able to sell direct to the end consumer from on farm locations (and the consumers really like it too). Direct sale, when possible, has the potential to provide the farmer with certain economic advantages, while cultivating an expanded customer base. S.B. 2375 would amend certain key statutes to allow direct sales of locally grown products, value-added products and logo items directly related to the farm. These changes would allow every farmer who could implement a direct sales business to take full advantage of the investment and effort.

S.B. 2375 is a very positive step towards supporting diversified agriculture and aquaculture in Hawaii and I urge its passage. Thank you for the opportunity to testify.

John S. Corbin MS, CFP, AICP  
President  
Aquaculture Planning & Advocacy, LLC  
Kaneohe, Hawaii  
808-239-8316  
jscorbin@aol.com