

# **HB1263**

## **Testimony**

**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 COMMITTEES ON AGRICULTURE AND WATER AND LAND**

**MARCH 14, 2013, 3:00 P.M.  
ROOM 229**

**HOUSE BILL NO. 1263 HD 2  
RELATING TO IRRIGATION**

Chairs Nishihara and Solomon and Members of the Committees:

Thank you for the opportunity to testify on House Bill No. 1263 HD 2. The purpose of this bill is to authorize the director of finance to issue general obligation bonds to finance improvements to various irrigation systems. The department supports the intent of this bill.

Irrigation systems are the backbone of Hawaii's agricultural industry. It is critical to ensure the viability of these systems as the push toward food security is made. Many of these aging systems are in need of significant improvements to modernize their collection and delivery systems to reduce water losses and maintenance costs. These funds are necessary to help extend the life of these systems for many decades to come and to continue to move Hawaii toward a more sustainable future.

Thank you for the opportunity to testify.



TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEES ON AGRICULTURE, AND WATER AND LAND  
ON  
HOUSE BILL NO. 1263, H.D. 2

March 14, 2013

RELATING TO IRRIGATION.

House Bill No. 1263, H.D. 2, authorizes the director of finance to issue general obligation bonds to finance improvements to various irrigation systems throughout the State.

The Department has technical comments on this bill. Federal tax law requires, among other things, that tax-exempt general obligation bond proceeds be used to finance projects that serve public purposes. As it appears that private entities may derive the benefit from this legislation, tax-exempt general obligation bond proceeds cannot be used for this purpose. The State would need to issue taxable general obligation bonds at a higher cost in order to allow the department of agriculture to provide financing assistance to private entities. In addition, as funding for these projects were not in the proposed Executive Budget, the annual debt service related to this proposed authorization of general obligation bonds should also be included in the Legislature's budget.

Thank you for the opportunity to provide testimony on this measure.

NEIL ABERCROMBIE  
Governor



JAMES J. NAKATANI  
Executive Director

STATE OF HAWAII  
**AGRIBUSINESS DEVELOPMENT CORPORATION**

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TESTIMONY OF JAMES J. NAKATANI  
EXECUTIVE DIRECTOR  
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE SENATE COMMITTEES  
ON  
AGRICULTURE AND WATER AND LAND

Thursday, March 14, 2013  
3:00 p.m.  
Conference Room 229

HOUSE BILL NO. 1263, HD 2  
RELATING TO IRRIGATION

Chairpersons Nishihara and Solomon and Members of the Committees:

Thank you for the opportunity to testify on House Bill No. 1263, HD 2 relating to irrigation. This measure seeks to provide funding for improvements to various irrigation systems by allowing the director of finance to issue general obligation bonds. The Agribusiness Development Corporation (ADC) strongly supports this bill, however we would like to offer some amendments by adding Galbraith (Waiahole/Galbraith) irrigation system and to reinsert the \$3 million allotment for these systems.

To ensure that Hawaii's agricultural crops receive a reliable source of water, it is imperative to provide sufficient funding to maintain and improve our State's irrigation systems. Further, ongoing droughts and deferred maintenance have only emphasized the need for the repair of the irrigation systems in Hawaii. This bill would provide the additional funding needed for enhancements and maintenance to certain irrigation systems. ADC respectfully requests that the Committee pass this bill as amended.

Thank you for the opportunity to provide testimony on this measure.



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

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March 14, 2013

HEARING BEFORE THE  
SENATE COMMITTEE ON AGRICULTURE  
SENATE COMMITTEE ON WATER AND LAND

TESTIMONY ON HB 1263, HD2  
RELATING TO IRRIGATION

Room 229  
3:00 PM

Chair Nishihara, Chair Solomon, and Members of the Committees:

I am Dean Okimoto, President of the Hawaii Farm Bureau Federation (HFBF). Organized since 1948, the HFBF is comprised of 1,950 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.

HFBF strongly supports HB 1263, HD2 appropriating funds for irrigation systems across the State. This measure is one of HFBF's priority measures and part of a systematic effort to increase access to water by our farmers and ranchers.

Many of these irrigation systems are old and some have been in disuse for a period of time. The repair and maintenance of these systems is critical because our farmers and ranchers depend on these irrigation systems for their operations. Water is a basic necessity for farmers and ranchers to maintain and expand their production. The reliability of water is a key factor for our farmers and ranchers when decided to expand their operations.

Several systems have been included in this measure. The funds are directed to the Hawaii Department of Agriculture's Agricultural Resource Management Division. We will defer to them for final numbers of what is needed for the systems at this time.

We respectfully request your strong support of this measure.

Thank you for the opportunity to testify.



## Hawaii Cattlemen's Council, Inc.

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### SENATE COMMITTEE ON AGRICULTURE SENATE COMMITTEE ON WATER & LAND

MARCH 141, 2013 3:00 p.m. Room 229

#### **HB 1263 HD 2 RELATING TO IRRIGATION**

Appropriates funds and authorizes the Director of Finance to issue general obligation bonds to finance improvements to various irrigation systems. Effective July 1, 2030.

Chair Nishihara, Chair Solomon, Vice Chairs and Members of the Committee:

My name is Alan Gottlieb, and I am a rancher and the Government Affairs Chair for the Hawaii Cattlemen's Council. The Hawaii Cattlemen's Council, Inc. (HCC) is the Statewide umbrella organization comprised of the five county level Cattlemen's Associations. Our 130+ member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of approximately 25% of the State's total land mass.

The Hawaii Cattlemen's Council **strongly supports** HB 1263 HD2 .

All agriculture needs a reliable water supply for consistent production, which is in jeopardy due to unpredictable rainfall patterns and prolonged drought conditions. Without the assurance of availability of water, there cannot be farming and ranching. This bill would provide funding to maintain and repair existing Hawaii Irrigation systems. In the long run, it will be much more expensive to not address this now, and to later have to develop new water system. Please support Hawaii Agriculture by supporting this funding.

Thank you for giving me the opportunity to testify in favor of this very important issue.



March 11, 2013

Senator Clarence K. Nishihara, Chair  
Senator Ronald D. Kouchi, Vice Chair  
Senate Committee on Agriculture

Senator Malama Solomon, Chair  
Senator Maile S.L Shimabukuro, Vice Chair  
Senate Committee on Water and Land

**Support of HB 1263, HD2, Relating to Irrigation (Appropriates funds and authorizes issuance of general obligation bonds to finance improvements to various irrigation systems).**

**Thursday, March 14, 2013, at 3:00 p.m., in CR 229**

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF appreciates the opportunity to express its **support of HB 1263, HD2**, and of the various agricultural stakeholder groups who defend the goals of viable agricultural operations and the conservation and protection of agriculture, including important agricultural lands (IAL) in Hawaii. The bill conveys the need for collaboration amongst diverse sectors of the community - business, government, and agricultural stakeholders - and the importance for them to work together cooperatively to improve the economic viability of the State's agricultural industry.

**HB 1263, HD2.** This bill proposes to authorize the director of finance to issue general obligation bonds (unspecified amounts) to finance improvements to various irrigation systems located throughout the State. The effective date of this bill is July 1, 2030.

**LURF's Position.** The purpose of this bill is to provide additional funding required for improvements to irrigation systems throughout the State, which are essential to Hawaii's agricultural industry. With large amounts of prime agricultural lands and irrigation systems made available for conversion to diversified agriculture as a result of the plantation closures in the 1990s, the State presently has an opportunity to strengthen and expand Hawaii's diversified agriculture industry. Agricultural lands, however, require significant quantities of water to support and maintain productivity. In order to ensure that local agricultural producers may continue to receive a dependable supply of water for crops, as well as research and development operations, sufficient funding is necessary to improve, repair and maintain Hawaii's irrigation systems.

Local farmers and ranchers who rely on irrigation systems to service their agricultural lands consider such resources critical to conduct their agricultural operations and to sustain their businesses. These agricultural stakeholders believe HB 1263, HD2 will greatly assist by providing funding necessary to make improvements to irrigation systems for the long-term betterment of the State's agricultural industry, and are relying on measures such as this to help them work toward the expansion of diversified agriculture; promote the agricultural self-sufficiency of the State; and to protect water as an important resource.

For the above reasons, LURF **supports HB 1263, HD2**, and respectfully urges your favorable consideration.

Thank you for the opportunity to present testimony regarding this matter.





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SENATE COMMITTEES ON AGRICULTURE/WATER & LAND  
Thursday, March 14, 2013 — 3 p.m. — Room 229

### **Ulupono Initiative Strongly Supports HB 1263 HD2, Relating to Irrigation**

Chairs Nishihara and Solomon, Vice Chairs Kouchi and Shimabukuro, and Members of the Committees:

My name is Kyle Datta, General Partner of the Ulupono Initiative, which is a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase renewable energy, and reduce/recycle waste. Ulupono invests in projects that have the potential to create large-scale, innovative change.

**Ulupono strongly supports HB 1263 HD2**, which appropriates funding for capital improvement projects to various irrigation systems statewide through general obligation bonds for specified projects, providing much-needed water to help diversified agriculture and local food production continue to grow.

This bill recognizes that all agriculture needs a reliable water supply for consistent production, as evidenced by recent prolonged drought conditions and their devastating effects. This request represents a modest investment with a long-term community good.

Irrigation systems allow more acres to be farmed, and increased revenue brings an increase in income and general excise taxes to help repay the investment. We believe that the most important capital expenditure that the state can make to help agriculture is in irrigation systems and progressive water rates that expand farming and ranching in rural areas.

Ulupono has joined with a diverse group of organizations who came together for the first time as the Local Food Coalition to support proposals designed to help grow more local food. The coalition brings together farmers, ranchers, livestock producers, investors and other organizations. The idea is that putting more local food on local plates can best be accomplished by bringing people and organizations together who can work on the entire food value chain in a systematic way.

### **HB 1263 is the top priority of the local food coalition.**

We believe that working together we can help produce more local food, support an economically strong homegrown agriculture industry, which strengthens our community with fresh, healthy food. Thank you for this opportunity to testify.

Respectfully,  
Kyle Datta

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