

TESTIMONY OF RUSSELL S. KOKUBUN
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON FINANCE
FEBRUARY 25, 2013
11:00 A.M.
CONFERENCE ROOM 308

HOUSE BILL NO. 1264 HD1
RELATING TO AGRICULTURAL LOANS

Chairperson Luke and Members of the Committee:

Thank you for the opportunity to comment on HB 1264 HD1. The Department supports the intent of the bill, however, the Department is concerned with the bill's language regarding infrastructure and infrastructure improvements.

The bill's proposed language regarding infrastructure and infrastructure improvements is technically incorrect and does not expand the ability of the program to fund these types of projects. The department suggests not making these proposed language changes to the program's statute as the existing statutes covers these loan purposes. Loans to purchase land are considered as a separate category because over time it does not depreciate and lose its usefulness. Due to this reason loans to acquire land generally have a longer repayment term than loans for a building or other capital improvements that depreciate. Regarding equipment, this asset is not considered as infrastructure as its usefulness and value depreciate more rapidly than for buildings and other capital improvements. As a result their loan terms are much shorter to match their useful life. The inclusion of land and equipment under infrastructure and infrastructure improvements results in confusion and are improper under standard lending language and guidelines.

To achieve the desired intent of the bill, the Department would suggest using the language from HB770 and HB771 to expand the ability for the Agricultural Loan Division to issue loans for biosecurity infrastructure, new farmers, and innovative farm practices.

Thank you for the opportunity to testify on this measure.



Email: communications@uluponoinitiative.com

HOUSE COMMITTEE ON FINANCE
Monday, February 25, 2013 — 11 a.m. — Room 308

Ulupono Initiative Supports HB 1264 HD1, Relating to Agricultural Loans

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee:

My name is Kyle Datta and I am General Partner of the Ulupono Initiative, 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 supports HB 1264 HD1, which allows for agricultural loans to assist with infrastructure, implementation of new farming techniques and biosecurity measures that help protect livestock operations from the introduction of pests and diseases. These pests and disease can affect the health and welfare of the animals and, in some cases, may affect the health and well-being of people who come in contact with the animals or farm products. Installing biosecurity measures protects the health of poultry and livestock from diseases, pests, and pathogens by reducing their introduction into farm operations as well as limiting the spread of risk to other farms. These measures are increasingly being required by federal programs to ensure a safe food supply. While these measures help protect the farm and consumers, they often add costs without additional profits for the operation. To help install these vital measures, a low-interest biosecurity loan program is being proposed to assist the livestock industry.

Ulupono is happy to support this proposal requested by the Hawai'i Department of Agriculture as another way to help our community grow more fresh, healthy local food. Ulupono sees 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. We believe that working together we can help produce more local food, support an economically strong homegrown agriculture industry, which strengthens our community. Thank you for this opportunity to testify.

Respectfully,
Kyle Datta
General Partner

