

# **HB1264**

## **Testimony**

**NEIL ABERCROMBIE**  
Governor



**RUSSELL S. KOKUBUN**  
Chairperson, Board of Agriculture

**SCOTT E. ENRIGHT**  
Deputy to the Chairperson

State of Hawaii  
**DEPARTMENT OF AGRICULTURE**  
1428 South King Street  
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**TESTIMONY OF RUSSELL S. KOKUBUN  
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE SENATE COMMITTEE ON AGRICULTURE  
TUESDAY, MARCH 12, 2013  
2:45 P.M.  
CONFERENCE ROOM 229**

**HOUSE BILL NO. 1264, HD2  
RELATING TO AGRICULTURAL LOANS**

Chairperson Nishihara and Members of the Committee:

Thank you for the opportunity to comment on HB 1264, HD2. The Department supports the intent of the bill to expand the loan program; 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 confusing and does not expand the ability of the program to fund additional loans. The lending industry has standard language and terminology specific to the industry and the generic use of infrastructure to include land purchase and equipment would be technically incorrect. 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 proposed language under Class A that includes "construction of farm land" and under Class F that states, "The following positions apply to new farmer and farm innovation loan programs" is confusing. The Department suggests not making these proposed language changes to the program's statute as the existing statute already covers these loan purposes and is more appropriate. Instead, the Department would agree with the decision that the Senate made in passing SB992 and SB993 to deal with each proposal separately. The Department would prefer the language in SB992 and SB993 as they would expand the ability for our Agricultural Loan Division to provide loans for livestock infrastructure and for new farmers.

Thank you for the opportunity to testify on this measure.



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

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March 12, 2013

HEARING BEFORE THE  
SENATE COMMITTEE ON AGRICULTURE

TESTIMONY ON HB 1264, HD2  
RELATING TO AGRICULTURAL LOANS

Room 229  
2:45 PM

Aloha Chair Nishihara, Vice Chair Kouchi, and Members of the Committee:

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 respectfully requests your support of HB 1264, HD2, which expands the Department of Agriculture Agricultural Loan Program to provide loans for infrastructure, infrastructure improvements, the implementation of new farming techniques, and biosecurity projects.

The cost of establishing new agricultural operations in Hawaii is very difficult if not impossible. Operating capital is not easy to obtain with the traditional methods of financing. As our farmers and ranchers are aging, we need to assist those that are able to successfully operate an agricultural operation such as college graduates or trainees that have graduated from a certified program. The loan program will help whether it is for new operations or the succession of an existing operation. Providing financing for innovative technologies is also critical as we must be efficient to remain competitive in a global market. We must be able to utilize and adapt the latest technological advances available to be viable. Supporting this modification of the loan program should have a positive effect in creating successful enterprises into Hawaii's future.

Thank you for this opportunity to provide our opinion on this important matter.



March 7, 2013

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

**Testimony in Support of HB 1264, HD2 Relating to Agricultural Loans (Expands the Department of Agriculture Agricultural Loan Program to provide loans for infrastructure, infrastructure improvements, the implementation of new farming techniques, and biosecurity projects.)**

**Tuesday, March 12, 2013, 2:45 p.m., in Conference Room 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. One of LURF's missions 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 provide testimony in **support of HB 1264, HD2**, and to offer comments.

**HB 1264, HD2.** This bill proposes to expand the Department of Agriculture Agricultural Loan Program to provide loans for infrastructure, infrastructure improvements, the implementation of new farming techniques, and biosecurity projects.

**LURF's Position.** LURF members include private property owners, farmers and ranchers who own, maintain, and engage in agricultural enterprises, and who consider such projects and ventures critical to the conduct of their operations and to help sustain their businesses. These land owners and agricultural stakeholders believe HB 1264, HD2 will greatly assist with costs which must be incurred in connection with establishing new agricultural methods and techniques; expanding and improving their growing and processing facilities, including bringing them to current health and safety standards as may be required; and with costs which must be incurred for maintenance and upgrade of existing infrastructure and improvements.

As this Committee may already be aware, the unsustainable costs cast upon land owners and agricultural stakeholders by various health, safety and security standards, programs and regulations are another serious concern, as the enactment of regulations relating to maintenance and operation of water systems, infrastructure, as well as growing and processing machinery and facilities are proving to be potentially counterproductive to the long-term objective of sustainable agriculture.

As potential issues relating to public health, and food safety and security continue to be a significant concern, LURF and its members appreciate this measure being taken to assist agricultural stakeholders.

LURF believes that the proposed expansion of the Agricultural Loan Program will also encourage new farmers by assisting them to develop new businesses and to meet sustainability goals in food production.

For the reasons stated above, LURF is in **support of HB 1264, HD2**, and respectfully urges your favorable consideration of this bill.

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [AGL Testimony](#)  
**Cc:** [nancyredfeather@hawaii.rr.com](mailto:nancyredfeather@hawaii.rr.com)  
**Subject:** Submitted testimony for HB1264 on Mar 12, 2013 14:45PM  
**Date:** Thursday, March 07, 2013 3:05:31 PM

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HB1264

Submitted on: 3/7/2013

Testimony for AGL on Mar 12, 2013 14:45PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Nancy Redfeather	Individual	Support	No

Comments: Clarity on types of infrastructure improvements allowed, specified levels of funding for "practical research in crop development" including a definition of what is meant would be appreciated.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [AGL Testimony](#)  
**Cc:** [foodsovereigntynow@gmail.com](mailto:foodsovereigntynow@gmail.com)  
**Subject:** Submitted testimony for HB1264 on Mar 12, 2013 14:45PM  
**Date:** Monday, March 11, 2013 5:41:28 PM

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HB1264

Submitted on: 3/11/2013

Testimony for AGL on Mar 12, 2013 14:45PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Mitsuko Hayakawa	Individual	Support	No

Comments: I support this bill if it will benefit small farmers who will not be using GMOs and harsh chemicals in Hawaii.

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