

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEES ON AGRICULTURE, AND
WATER AND LAND
ON
HOUSE BILL NO. 1917

February 6, 2014

RELATING TO AGRICULTURE

House Bill No. 1917 authorizes the Director of Finance to issue general obligation bonds to fund irrigation infrastructure for the former Galbraith estate property.

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.

From a policy perspective, the Legislature should seriously consider the implications of using public funds to benefit private entities or private property owners especially for what is the appropriate threshold of public benefit for such appropriations.

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



STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
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TESTIMONY OF JAMES J. NAKATANI
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE HOUSE
COMMITTEES ON AGRICULTURE AND WATER & LAND

February 06, 2014
9:30 A.M.
Conference Room 312

HOUSE BILL NO. 1917
RELATING TO AGRICULTURE

Chairpersons Wooley, Evans and Members of the Committees:

Thank you for the opportunity to testify on House Bill No. 1917, a bill to authorize the director of finance to issue general obligation bonds in the sum of \$8,000,000 for the purpose of irrigation infrastructure for the former Galbraith Estate property. The Agribusiness Development Corporation (ADC) supports this measure.

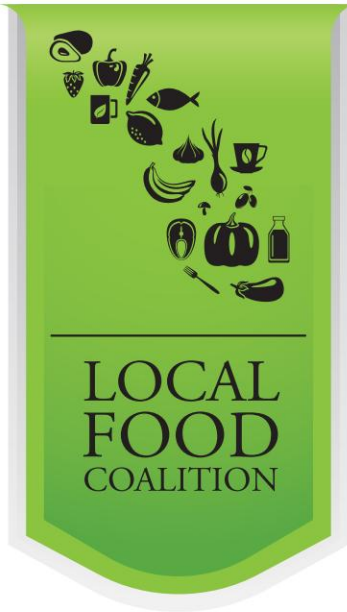
ADC acquired approximately 1,207-acres of the former plantation with plans to transition these fallow lands into diversified farms. This bill will provide the corporation with the required capital to repair, rehabilitate, or reconstruct existing irrigation infrastructure. At this present time, the Galbraith land does not have an irrigation system compatible with today's diversified agricultural farming operations.

Many factors make farming in Hawaii more difficult. Often, the lack of a proper water delivery system hinders the delivery of water for efficient production. Installing

proper drainage, replacing inefficient ditches, and having facilities capable of efficiently supplying water at both high and low flows on the Galbraith Land would result in greater efficiency and ensure our farmers have an adequate water source.

Because an efficient water system in agriculture is critical to increase agricultural production, ADC respectfully requests that the Committees pass this bill.

Thank you for the opportunity to testify.



4 Ag Hawai'i

Hawai'i Aquaculture &
Aquaponics Association

Hawai'i Association of
Independent Schools

Hawai'i Cattlemen's Council

Hawai'i Farm Bureau
Federation

Hawai'i Farmers' Union
United

Hawai'i Food Industry
Association

Hawai'i Food
Manufacturers Association

Kohala Center

Malama Kaua'i

Maui School Garden
Network

Ulupono Initiative

HOUSE COMMITTEE ON AGRICULTURE AND WATER & LAND
Thursday, February 6, 2014 – 9:30 a.m. – Room 312

**The Local Food Coalition Strongly Supports HB 1917, Relating to
Agriculture**

Dear Chair Wooley, Vice Chair Onishi, and Members of the Committee:

My name is Kyle Datta and I am General Partner of the Ulupono Initiative, a Honolulu-based impact investment firm, which is working to improve the quality of life for Hawai'i residents by investing in projects that create more locally grown food, increase renewable energy and reduce/recycle waste. We are representing on behalf of the Local Food Coalition, which is an organization comprising farmers, ranchers, livestock producers, investors and other organizations working to provide Hawai'i's food supply.

The Local Food Coalition strongly supports HB 1917, which authorizes the director of finance to issue general obligation bonds to fund capital improvements for the former Galbraith Estate lands, which will enable significant agricultural expansion on O'ahu.

The recent acquisition of the 1,200 acres of Central O'ahu farmland offers an opportunity for agricultural growth on the state's most populated island, providing an opportunity to grow more food for our community, protecting agricultural lands and helping to make our state more self-sufficient in producing our own food. These additional funds are needed to further improve the land with water, electricity, roads and other infrastructure to help these new farming operations succeed.

As part of the Local Food Coalition, Ulupono is very pleased to support proposals designed to help grow more local food. Our group's members came together last year with one common goal: to promote the local production of food in a sustainable and economically sound manner to benefit Hawai'i's people through the revitalization and expansion of our state's agricultural sector. This year the Coalition is continuing to pursue this comprehensive approach because it is the most effective way for Hawai'i to develop its resources for diversified food production, as well as lessen its dependence on importing that which can be grown, raised and processed locally.

The Coalition includes the Hawai'i Farm Bureau Federation, the Hawai'i Cattlemen's Council, Inc., Hawai'i Farmers' Union United, 4 Ag Hawai'i, the Hawai'i Aquaculture and Aquaponics Association, the Kohala Center, Hawai'i Food Manufacturers Association, Hawai'i Food Industry Association, Hawai'i Association of Independent Schools, Maui School Garden Network, Malama Kaua'i, and Ulupono Initiative.

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
General Partner
Ulupono Initiative

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February 6, 2014

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE
HOUSE COMMITTEE ON WATER & LAND

TESTIMONY ON HB 1917
RELATING TO AGRICULTURE

Room 312
9:30 AM

Chair Evans, Chair Wooley, Vice Chair Lowen, Vice Chair Onishi, and Members of the Committees:

I am Christopher Manfredi, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,832 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interests of our diverse agricultural community.

HFB strongly supports HB 1917 which authorizes general obligation bonds to fund irrigation infrastructure for the former Galbraith Estate lands.

This is one the largest prime agricultural lands left on the island of Oahu that is now owned in whole or in part by the State. We believe this is an opportunity to further support and expand our opportunity to provide prime agricultural lands for farmers. As the land has remained idle for many years, it will take additional funds to cultivate the land and build the necessary irrigation infrastructure to accommodate smaller agricultural parcels. The Agribusiness Development Corporation is the lead agency on this exciting project and we support every effort to bring this land back into agricultural production.

Thank you for allowing us to testify in strong support of this measure.