



State of Hawaii
DEPARTMENT OF AGRICULTURE
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**TESTIMONY OF SCOTT E. ENRIGHT
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEE ON FINANCE
THURSDAY, FEBRUARY 20, 2014
11:00 A.M.
Room 308**

**HOUSE BILL NO. 737, HOUSE DRAFT 1
RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST AGRICULTURAL
ENTERPRISES**

Chairperson Luke and Members of the Committee:

Thank you for the opportunity to testify on House Bill No.737, House Draft 1 that authorizes the State to issue special purpose revenue bonds and use the proceeds from the bonds to assist agricultural enterprises in production or processing of crops, vegetables, fruits, livestock, and poultry. The Department of Agriculture supports efforts to allow farmers the opportunity to access funds to produce and process local agricultural products. However, we defer to the Department of Budget and Finance on this measure.

Thank you, again, for the opportunity to testify on this measure.



WRITTEN TESTIMONY

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 737 H.D. 1

February 20, 2014

RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST AGRICULTURAL ENTERPRISES.

House Bill No. 737, H.D. 1, proposes to amend Chapter 39A, Hawaii Revised Statutes (HRS), by adding a new part to authorize the issuance of special purpose revenue bonds to assist agricultural enterprises in the State.

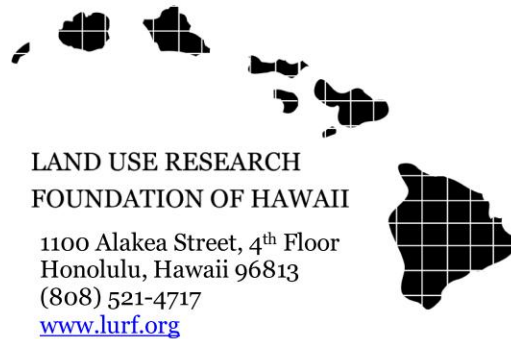
The Department offers the following comments:

The Department recommends that Chapter 39A, Part X , be amended to delete all references to “Agricultural Enterprises Serving Important Agricultural Lands” and replaced with “Agricultural Enterprises” to be consistent with House Bill No. 748, H.D. 1. Amendments to Chapter 39A, Part X is subject to ratification of the constitutional amendment contained in House Bill 748, H.D. 1.

The Department also recommends including a definition for the term “agricultural enterprise” so as to be independent of similar terms used in other Hawaii laws, such as Section 163D-2, HRS, which defines “Agriculture” and “Enterprise” and Chapter 163D, HRS, which utilizes the term “agricultural enterprise”.

Please note that there are significant procedural and compliance requirements that must be met before any special purpose revenue bonds (SPRB) could be structured for any SPRB transaction.

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



LAND USE RESEARCH
FOUNDATION OF HAWAII

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February 18, 2014

Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
Representative Aaron Ling Johanson, Vice Chair
House Committee on Finance

Testimony in Support of HB 737, HD1, Relating to Special Purpose Revenue Bonds; Agricultural Enterprises (Assists agricultural enterprises by authorizing the State to issue special purpose revenue bonds for their benefit.)

Thursday, February 20, 2014, 11:00 a.m., in Conference Room 308

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 737, HD1**, and to offer comments.

HB 737, HD1. The purpose of this bill is to assist agricultural enterprises in the State by authorizing the issuance of special purpose revenue bonds for their benefit.

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 737, HD1 will greatly assist with costs which must be incurred in connection with establishing new agricultural projects and activities; expanding and improving their growing and processing facilities, including bringing them to current safety standards as may be required; and with costs which must be incurred for maintenance and upgrade of existing structures and equipment.

As this Committee may already be aware, the unsustainable costs cast upon land owners and agricultural stakeholders by various safety and security standards, programs and regulations are another serious concern, as the enactment of onerous 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.

For the reasons stated above, LURF is in **support of HB 737, HD1**, and respectfully urges your favorable consideration of this bill.



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February 20, 2014

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON HB 737, HD1
RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST AGRICULTURAL
ENTERPRISES

Room 308
11:00 AM

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

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 interest of our diverse agricultural community.

Special Purpose revenue bonds provide the private sector access to the lower rates available in public finance capital markets. Decaying plantation-era or obsolete infrastructure, record high transportation costs, and regulatory compliance issues are a crushing burden on our producers and processors and combine to threaten the food security and sustainability of our state.

The State of Hawaii has acknowledged that Agriculture is vital to food security, long-term sustainability and is an important contributor to the State's economy. Hawaii Farm Bureau Federation's members need access to affordable capital to implement the many projects that contribute to feeding our citizens. HB 737 represents a collaborative effort between broad stakeholders engaged in farming and ranching, not-for profits and Government entities.

Some examples of Agricultural Projects that could benefit from SPRBs are water infrastructure including source development, storage, distribution and irrigation systems, local feed and fertilizer mills, processing and value-added facilities that will create jobs, benefit our local economy and expand Hawaii's brand worldwide, including creation of cross promotion opportunities for food, flowers, foliage and tourism, as well as a host of renewable energy systems, including bio, solar, wind and hydro-electric energy systems that compliment agricultural production.

Please support this vitally important measure.

Thank you.



Testimony of Hawai'i Green Growth

In Support of HB 748 & HB 737

Proposing an Amendment to the Hawai'i Constitution to Authorize the Issuance of Special Purpose Revenue Bonds to Assist Agricultural Enterprises

House Committee on Finance

20 February 2014, 11:00am in Conference Room 308

Audrey Newman
Hawai'i Green Growth
P.O. Box 535
Ho'olehua, Hawai'i 96729

Aloha Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

I am writing on behalf of Hawai'i Green Growth (HGG) **in support of HB 748 and HB 737**, which propose an amendment to the Hawai'i Constitution for the issuance of special purpose revenue bonds (SPRBs) to assist agricultural enterprises in Hawai'i.

HGG is a multi-sector partnership committed to achieving a resilient, sustainable Hawai'i. We bring leaders from the energy, food and environmental sectors together to achieve Hawai'i's sustainability goals and to be a model for building a green economy. HGG's members include more than 80 leaders and advisors from government, business and non-profit organizations.

HGG members agreed on the top legislative actions for 2014 that will significantly advance sustainability in Hawai'i and already have widespread support across sectors. Support for local agriculture with SPRBs is one of HGG's top priorities.

One major obstacle to expanding, diversifying, and ensuring the sustainability of Hawai'i's food production is the need for substantial capital investment. HGG members agree that if the SPRB definition is amended to include agriculture and infrastructure expenses, SPRBs will be able to provide critical funding to the private sector for agricultural infrastructure, technologies, facilities, agricultural workforce training, and production & growth activities. The Local Food Coalition believes many projects could currently qualify for SPRBs and would total \$150M in new investments to produce and process local agricultural products.

As a partnership representing Hawai'i's leaders in environment, food and energy, HGG asks for your support of these bills, which will make critical investments in a more diversified agricultural economy, food self-reliance for Hawai'i's people and visitors, and a more resilient future for our islands.

Mahalo nui for your time and consideration,

A handwritten signature in cursive script that reads "Audrey Newman".

Audrey Newman

Senior Advisor, Hawai'i Green Growth (HGG)

Bringing leaders together to achieve sustainability in Hawai'i & be a model for a green economy.

finance1

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 18, 2014 10:42 AM
To: FINTestimony
Cc: gottlieb@hawaii.rr.com
Subject: *Submitted testimony for HB737 on Feb 20, 2014 11:00AM*

HB737

Submitted on: 2/18/2014

Testimony for FIN on Feb 20, 2014 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Alan Gottlieb	Hawaii Cattlemen's Council	Support	No

Comments:

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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**HB 737 HD1
RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST
AGRICULTURAL ENTERPRISES**

**PAUL T. OSHIRO
MANAGER – GOVERNMENT RELATIONS
ALEXANDER & BALDWIN, INC.**

FEBRUARY 20, 2014

Chair Luke and Members of the House Committee on Finance:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) and its agricultural company Hawaiian Commercial & Sugar Company on HB 737 HD1, “A BILL FOR AN ACT RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST AGRICULTURAL ENTERPRISES.” We support this bill.

Hawaiian Commercial & Sugar Company (HC&S) has been in operation for over 125 years and is Hawaii’s last remaining sugar plantation. HC&S has approximately 36,000 acres in active sugar cane cultivation and employs about 800 Maui residents. While all of Hawaii’s other sugar companies have shut down over the years, HC&S has been fortunate, through significant investments in our agricultural infrastructure and operations, to have sustained our operations and continue as a major employer in the State of Hawaii. Despite the current up tick in sugar prices, history has proven that commodity sugar prices will remain relatively flat, as they have over the last few decades, despite increasing production costs. Thus, HC&S has for a number of years been pursuing, and investing in, a transition from a primary producer of commodity sugar to the production of specialty sugar and renewable energy. In addition to being

the main supplier of Sugar In The Raw, the little brown packets of sugar seen at restaurants and coffee shops across the nation, HC&S is also expanding production and sales of our specialty Maui Brand Sugar.

HC&S generates biomass produced electricity for its sugar milling, irrigation pumping, and other internal operations and provides electricity to Maui Electric Company (MECO) for general community use. The source of fuel for this biomass electricity is bagasse, the residual fiber of the sugar cane plant. Not only does HC&S provide approximately 6% of MECO's total electricity, HC&S is a firm power source to MECO (i.e. committed power delivery, not on an 'as available' basis), and has played a significant role in the restoration of MECO's electrical service during power outages.

In addition, HC&S is currently participating in significant new Hawaii-based research initiatives on bio-energy, closely working with the University of Hawaii and various Federal agencies on energy crop development, energy conversion technologies, and long term resource requirements for biomass production. HC&S also provides water (through the County) to approximately 35,000 Upcountry Maui residents and to the Kula Agricultural Park.

This bill proposes statutory provisions to authorize the issuance of special purpose revenue bonds to assist agricultural enterprises. Major infrastructure requirements such as irrigation systems, roads and utilities, and agricultural processing facilities play a critical role in the survival of many agricultural businesses. The special purpose revenue bonds authorized in this bill will provide important financial support for Hawaii's agricultural operations. In addition to assisting these agricultural operations with their current infrastructure needs, this additional means of financing will also serve

as a stimulus to encourage these entities to expand their operations or to enhance their operating efficiencies through the installation of new agricultural infrastructure, equipment, and other related improvements to service their farming operations.

Based on the aforementioned, we respectfully request your favorable consideration on 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 FINANCE

Thursday, February 20, 2014 – Agenda #1- 11:00 a.m. – Room 308

RE: HB 737 HD1 Relating to Special Purpose Revenue Bonds to Assist Agricultural Enterprises – In Support

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

My name is Kyle Datta and I am the General Partner of the Ulupono Initiative, a Honolulu-based impact investment firm, which is working to improve the quality of life for Hawaii residents by investing in projects that create more locally grown food, increase renewable energy and reduce/recycle waste. I would also like to introduce Gerald Sumida, a partner with Carlsmith Ball LLP and our legal counsel on this matter, who will also be available to respond to any questions that you may have for me and him. We are pleased to appear before you on behalf of the Local Food Coalition, which is an organization comprising of farmers, ranchers, livestock producers, investors and other organizations working to provide Hawaii's food supply.

The Local Food Coalition is in strong support of HB 737 HD1, which assists agricultural enterprises in the State by authorizing the State to issue special purpose revenue bonds for their benefit, contingent upon ratification of a constitutional amendment authorizing the State to issue special purpose revenue bonds and use the proceeds from the bonds to assist agricultural enterprises.

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 Hawaii's people through the revitalization and expansion of our state's agricultural sector. The Coalition is continuing to pursue this comprehensive approach as it is the most effective way for Hawaii 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.

We need substantial capital investment in agriculture infrastructure, technologies, facilities, agricultural workforce training, and production and growth activities. The special purpose revenue bonds authorized in this bill will stimulate and increase new investment in

The Local Food Coalition Supports All Forms of Agriculture.

Hawaii’s agricultural industries. Not only will this provide an important source of private financing, it will do so without affecting the State’s budget.

For these reasons, we ask for your favorable consideration of HB 737 HD1. Thank you for the opportunity to testify.

Kyle Datta
General Partner
Uluono Initiative

Gerald Sumida
Partner
Carlsmith Ball LLP

Email: communications@uluono.com