

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 2294, S.D. 2

April 2, 2014

RELATING TO IRRIGATION.

Senate Bill No. 2294, S.D. 2, authorizes the director of finance to issue general obligation bonds to finance capital improvements for various irrigation systems and associated agricultural management facilities 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.

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.

NEIL ABERCROMBIE
Governor



SCOTT E. ENRIGHT
Chairperson, Board of Agriculture

KEN H. KAKESAKO
Deputy to the Chairperson

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

**WEDNESDAY, APRIL 2, 2014, 2:00 P.M.
ROOM 308**

**SENATE BILL NO. 2294, SD 2
RELATING TO IRRIGATION**

Chair Luke and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 2294, SD 2. The purpose of this bill is to authorize the Director of Finance to issue general obligation bonds to make improvements to various irrigation systems. The Hawaii Department of Agriculture supports the intent of this bill and respectfully suggests the following changes.

The Department respectfully request that \$19,000,000 be inserted into line twelve on page one to assist in the continued improvements to irrigation systems and agricultural facilities. These funds are proposed to be used to complete the installation of the black pipe siphon on Kauai, four siphons for Waiahole, plan, design, and construct an irrigation system for the recently acquired ADC Wahiawa lands, and design and construct improvements to HDOA facilities.

Thank you for the opportunity to testify.



NEIL ABERCROMBIE
Governor



JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

TESTIMONY OF JAMES J. NAKATANI
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE HOUSE
COMMITTEE ON FINANCE

Wednesday, April 02, 2014
2:00 p.m.
State Capitol
Conference Room 308

SENATE BILL NO. 2294, SD2
RELATING TO IRRIGATION

Chairperson Luke and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 2294, SB2 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) supports the intent of this bill.

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. With the recent acquisition of 1,723-acres of Galbraith land in Wahiawa, ADC has the added responsibility to provide irrigation to the farmers at a cost estimated to be around \$8 million dollars. Further, ongoing droughts and

deferred maintenance have only emphasized the need for the repair of the irrigation systems in Hawaii. The Waiahole Water System four steel siphons which ADC maintains built over 100 years ago requires corrective maintenance to address leaks along the system. An additional \$5 million dollars is required to cover the construction cost for the siphon repairs. The cost to the Black pipe siphon rehabilitation project in Kekaha, Kauai will also require an additional \$1 million dollars as well. 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.

Thank you.



March 31 2014

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

Support of SB 2294, SD2 (Authorizes the issuance of general obligation bonds to finance capital improvements to various irrigation systems).

Wednesday, April 2, 2014, at 2:00 p.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. 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 SB 2294, SD2**, 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.

SB 2294, SD2. This bill proposes to authorize the director of finance to issue general obligation bonds for the purpose of making capital improvements to irrigation systems and associated agricultural management facilities throughout the State.

LURF's Position. The purpose of this bill is to provide funding to be expended by the Department of Agriculture for capital improvements to irrigation systems and associated agricultural management facilities 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 SB 2294, SD2 will greatly assist by providing funding necessary to make improvements to irrigation systems as well as associated agricultural management facilities 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 SB 2294, SD2**, and respectfully urges your favorable consideration.

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

finance1

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 31, 2014 2:33 PM
To: FINTestimony
Cc: gottlieb@hawaii.rr.com
Subject: *Submitted testimony for SB2294 on Apr 2, 2014 14:00PM*

SB2294

Submitted on: 3/31/2014

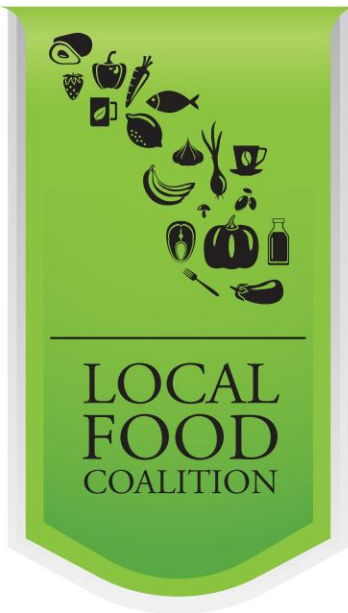
Testimony for FIN on Apr 2, 2014 14:00PM in Conference Room 308

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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HOUSE COMMITTEE ON FINANCE
Wednesday, April 2, 2014 – 2:00 p.m. – Room 308

The Local Food Coalition Strongly Supports SB 2294 SD 2, Relating to Agriculture

Dear Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson 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 SB 2294 SD 2, which appropriates funding for capital improvement projects to various irrigation systems statewide, providing the much-needed water to help diversified agriculture and local food production to continue to grow.

This bill recognizes that all agriculture needs a reliable and water supply for consistent production, as evidenced by prolonged drought conditions and their devastating effects.

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.

The Local Food Coalition Supports All Forms of Agriculture.

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

Respectfully,

Kyle Datta
General Partner
Ulupono Initiative

Email: communications@ulupono.com



**SB 2294sd2, Relating to Irrigation
House Finance Committee
Wednesday, April 2, 2014
2:00 pm
Conference Room 308**

**Written Testimony by: Larry Jefts
Position: Support**

Chair Luke and Members of the House Finance Committee:

I am Larry Jefts, co-owner of Sugarland Growers, Inc., a family run farm with more than 35 years experience of Hawaii farm experience on Molokai and Oahu.

Water is the lifeblood of farmers and ranchers. Without access to affordable water, Hawaii's agriculture industry will not flourish. This measure would provide funding to maintain and improve Hawaii's irrigation systems that have deteriorated with the closing of plantations. Well maintained irrigation systems and agricultural management systems are critical as extended droughts and uncertain weather conditions increasingly challenge farmers and ranchers.

Your support of this measure is appreciated. Thank you for the opportunity to present testimony. I can be reached at (808) 688-2892 if there are any questions.



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April 2, 2014

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON SB 2294, SD2
RELATING TO IRRIGATION

Room 308
2:00 PM

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

I am Christopher Manfredi, President of the Hawaii Farm Bureau Federation (HFBF). Organized since 1948, the HFBF 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.

HFBF strongly supports SB 2294, SD2 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 for our farmers and ranchers.

Many of these irrigation systems are antiquated and have atrophied over 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 availability is a basic necessity for farmers and ranchers to maintain and expand their production, particularly in times or drought manifested on many islands as a result of a changing climate. Moreover the reliability of water is a key factor for our farmers and ranchers when deciding to expand their operations.

The funds for Hawaii's irrigation systems are directed to the Hawaii Department of Agriculture's Agricultural Resource Management (ARM) Division. We will defer to them for final numbers of what is needed for the systems at this time.

Thank you for the opportunity to comment on this measure.