



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

BEFORE THE HOUSE COMMITTEE ON
AGRICULTURE

FEBRUARY 06, 2014, 9:40 A.M.
ROOM 312

HOUSE BILL NO. 2394
RELATING TO IRRIGATION

Chair Wooley and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 2394. 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.

Associated with irrigation systems are supporting facilities (base yards, engineering offices, etc.). These facilities, while not physically attached to the actual water distribution systems are vital to the irrigation system's operation and maintenance. Many of these facilities are in dilapidated condition and have been subject to break-ins, thefts, and inadequate space to efficiently conduct operations. The critical support nature of these facilities can be acknowledged by adding "and agricultural facilities" to line 15 on page one to read "for the purpose of making capital improvements to irrigation systems and **agricultural facilities** in the State."

In addition, we respectfully request that \$11,000,000 be inserted into line eleven 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, and design and construct improvements to Hawaii Department of Agriculture facilities.

Thank you for the opportunity to testify.

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON AGRICULTURE
ON
HOUSE BILL NO. 2394

February 6, 2014

RELATING TO IRRIGATION.

House Bill No. 2394 authorizes the Director of Finance to issue general obligation bonds to finance capital improvements for various irrigation systems 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



JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

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TESTIMONY OF JAMES J. NAKATANI
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE HOUSE
COMMITTEE ON AGRICULTURE

Thursday, February 06, 2014
9:40 a.m.
State Capitol
Conference Room 312

HOUSE BILL NO. 2394
RELATING TO IRRIGATION

Chairperson Wooley and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 2394 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.



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February 6, 2014

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE

TESTIMONY ON HB 2394
RELATING TO AGRICULTURAL LANDS

Room 312
9:40 AM

Chair Wooley, Vice Chair Onishi, 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 interests of our diverse agricultural community.

HFB strongly supports HB 2394 appropriating funds for irrigation systems across the State. This measure is one of HFB'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.

onishi2-Micah-Seth

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 04, 2014 5:41 AM
To: AGRtestimony
Cc: gottlieb@hawaii.rr.com
Subject: *Submitted testimony for HB2394 on Feb 6, 2014 09:40AM*

HB2394

Submitted on: 2/4/2014

Testimony for AGR on Feb 6, 2014 09:40AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Alan Gottlieb	Hawaii Cattlemens Council	Support	No

Comments:

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February 4, 2014

Representative Jessica Wooley, Chair
Representative Richard H.K. Onishi, Vice Chair
House Committee on Agriculture

Representative Cindy Evans, Chair
Representative Nicole E. Lowen, Vice Chair
House Committee on Water and Land

Support of HB 2394 (Authorizes the issuance of general obligation bonds to finance capital improvements to various irrigation systems).

Thursday, February 6, 2014, at 9:30 a.m., in Conference Room 312

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 HB 2394**, 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.

HB 2394. This bill proposes to authorize the director of finance to issue general obligation bonds for the purpose of making capital improvements to irrigation systems in 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 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 HB 2394 will greatly assist by providing funding necessary to make improvements to irrigation systems 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 HB 2394**, and respectfully urges your favorable consideration.

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