



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

Statement of
Richard C. Lim, Director
Department of Business, Economic Development, and Tourism
before the
**Senate Committee on
WAYS AND MEANS**
Tuesday, March 25, 2014
9:00 AM
State Capitol, Conference Room 211
in consideration of
HB 2468, SD1
RELATING TO AGRICULTURAL FACILITIES.

Chair Ige, Vice Chair Kidani, and Members of the Committee.

The Department of Business, Economic Development, and Tourism supports Part I and Part II of this bill with revisions and defers to the High Technology Development Corporation on Part III.

Part I directs DBEDT to study and analyze the potential for growth and diversity of Hawaii's economy through the development of infrastructure and available resources in order to facilitate the processing of agriculture and other commercial products from Hawaii, especially with respect to those commodities slated for export.

DBEDT is pleased to collaborate with the Department of Agriculture to perform planning, feasibility studies, and marketing and economic analysis for one or more facilities on the island of Hawaii to be used for quarantine inspection, quarantine treatment, deconsolidation, and consolidation of incoming and outgoing agricultural commodities. Due to the seriousness of the invasive species problem and seeing signs of improvement in export markets, especially in China and Canada, DBEDT estimates an appropriation of \$300,000 are necessary to carry out the purposes of this measure. Of this amount, \$210,000 would be allocated to perform planning and feasibility studies for one or more quarantine inspection and quarantine treatment, deconsolidation, and consolidation facilities, and \$90,000 to perform marketing and economic impact analysis for one or more facilities.

Part II establishes an agricultural Foreign-Trade Zone in Central Oahu. As the federally chartered operator of Foreign-Trade Zones in Hawaii, DBEDT stands ready to assist in this initiative. In order to achieve the goal of this initiative, DBEDT respectfully requests the committee replace the language in Part II of this bill and replace it with the attached language.

We defer to the High Technology Development Corporation on Part III of this bill.

Thank you for the opportunity to submit testimony on this bill.

DBEDT's requested changes.

PART II

~~SECTION 5. The Hawaii Revised Statutes is amended by adding a new chapter to be appropriately designated and to read as follows:~~

~~"CHAPTER~~

~~AGRICULTURAL FOREIGN TRADE ZONE~~

~~§ 1 Purpose. An agricultural foreign trade zone can assist businesses with warehouse savings, the importing and exporting of resources, manufacturing incentives, and export financing. Foreign trade zones are intended to make United States companies more competitive globally by offsetting customs advantages available to overseas producers that compete with the domestic industry.~~

~~§ 2 Agricultural foreign trade zone; establishment; boundaries. In accordance with the requirements of sections 212-3 and 212-4, the governor may do all things necessary and proper to carry into effect the establishing, maintaining, and operating of an agricultural foreign trade zone; provided that the agricultural foreign trade zone shall be restricted to the~~

~~parcels of land identified by the following tax map keys:
7-1-002: 004, 7-1-002: 009, and 7-1-002: 23.~~

~~§ 3 Jurisdiction. Any law to the contrary notwithstanding, the foreign trade zone division of the department of business, economic development, and tourism shall have jurisdiction and administrative authority over the area described in section 2 being used as a foreign trade zone.~~

~~§ 4 Benefits. The foreign trade zone benefits made available under chapter 212 shall apply to all businesses operating within the agricultural foreign trade zone whose services relate to agriculture."~~

~~SECTION 2. This Act shall take effect on July 1, 2050.~~

SECTION 5. One of the missions of the department of business, economic development, and tourism is to promote industrial development and economic diversification by supporting existing and emerging industries, increasing exports of Hawaii products, and expanding Hawaii's participation in global trade and commerce. The department has prepared a statewide comprehensive economic development strategy. The strategy's report found that because Hawaii, and central Oahu in particular, has a strong orientation toward diversified agriculture, identifying agricultural areas designated for the purpose of collection, consolidation, packing, and shipping of

agricultural products continues to be a priority. As a means of achieving this priority, those in the agricultural industry have expressed interest in expanding their operations through the leveraging of available resources available to them.

The legislature also recognizes that agriculture is and has long been a major economic driver for state of Hawaii. To preserve this economic driver and increase its value, the department of business, economic development, and tourism, in collaboration with the department of agriculture, should perform planning, and economic impact and feasibility studies, for one or more designated foreign-trade zone sites in central Oahu for the storage, deconsolidation, consolidation, processing, preparation, and packaging of agricultural commodities for both import and export. Designated foreign-trade zone areas can help further this initiative by making United States companies more competitive by offsetting customs advantages available to overseas producers that compete domestically and internationally.

The purpose of this part is to authorize the department of business, economic development, and tourism, in collaboration with the department of agriculture to:

- (1) Perform planning and feasibility studies for the implementation of designated foreign-trade zone sites for storage, deconsolidation, consolidation,

processing, preparation, and packaging of agricultural commodities for both import and export; and

- (2) Perform a marketing and economic impact analysis for the implementation of designated foreign-trade zone sites in central Oahu, specifically parcels of land identified by the following tax map keys: 7-1-002: 004, 7-1-002: 009, and 7-1-002: 023.

SECTION 6. (a) The department of business, economic development, and tourism, in collaboration with the department of agriculture, is authorized to:

- (1) Perform planning and feasibility studies for the implementation of designated foreign-trade zone sites for storage, deconsolidation, consolidation, processing, preparation, and packaging of agricultural commodities for both import and export; and
- (2) Perform a marketing and economic impact analysis for the implementation of designated foreign-trade zone sites in central Oahu.

- (b) The studies and analysis shall include parcels of land identified by the following tax map keys:
7-1-002: 004, 7-1-002: 009, and 7-1-002: 023.

SECTION 7. The department of business, economic development, and tourism shall submit a report to the

Written Statement of
ROBBIE MELTON
Executive Director & CEO
High Technology Development Corporation
before the
SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, March 25, 2014
9:00 a.m.
State Capitol, Conference Room 211
In consideration of

HB 2468 SD1 RELATING TO AGRICULTURAL FACILITIES.

Chair Ige, Vice Chair Kidani, and Members of the Committee on Ways and Means.

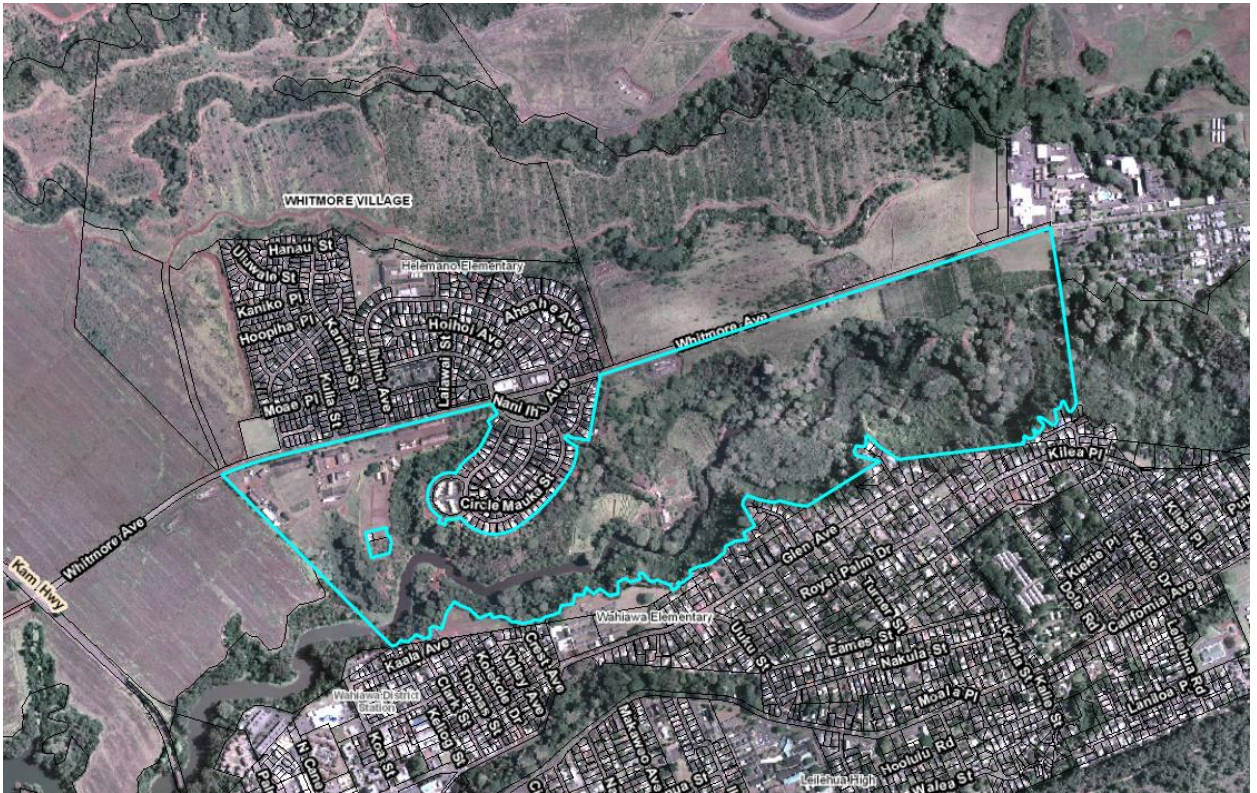
The High Technology Development Corporation (HTDC) **supports the intent** of part III of HB 2468 SD1 relating to Economic Development. HTDC supports the intent to nurture and grow agricultural innovation and supporting startups and businesses in this arena.

HTDC's Innovate Hawaii program offers business support to manufacturers that would have synergies with an agricultural tech park. HTDC has statute to develop technology parks through HRS 206M-2 paragraph (1) and suggest section 8 of this bill is redundant and unnecessary. HTDC does not have resources to explore private sector partnerships in this area.

Though we support the intent of this measure, HTDC will need \$500,000 to research and build expertise in this focus area, dedicate resources to explore partnership opportunities, and solicit proposals to ensure the best use of State resources. This would be a project specific appropriation and should not replace or adversely impact the Administration's budget request. Without appropriation HTDC suggests that our agency would be best suited in a support role for this initiative, as part of a planning committee providing expertise in establishing technology parks and in entrepreneurship, rather than revising the HRS 206M.

HTDC does not offer comment on the location selected as identified by the TMK (71002004, 71002023, and 71002099 in Whitmore Village).

<http://gis.hicentral.com/FastMaps/ParcelZoning/>



Thank you for the opportunity to offer these comments.

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 SENATE COMMITTEE ON WAYS AND MEANS

**TUESDAY, MARCH 25, 2014
9:00 A.M.
ROOM 211**

**HOUSE BILL NO. 2468 SD1
RELATING TO AGRICULTURAL FACILITIES**

Chairperson Ige and Members of the Committee:

Thank you for this opportunity to provide testimony on House Bill No. 2468 SD1 relating to agricultural facilities. Part I of this bill Authorizes the Department of Business, Economic Development and Tourism (DBEDT) and the Hawaii Department of Agriculture (HDOA) to perform studies and analysis relating to establishing facilities on the island of Hawaii for quarantine inspection and treatment and handling for incoming and outgoing commodities. Part II of this bill establishes an agricultural foreign-trade zone, and Part III creates an agricultural technology park under the High Technology Development Corporation (HTDC). The HDOA is in general support of the intent of this bill and will address each part respectively.

Regarding Part I, the HDOA supports this measure, but defers to DBEDT for the preparation of the report. The Island of Hawaii has a strong orientation towards diversified agriculture: producing and exporting coffee, papaya, macadamia nuts, tropical flowers and foliage. A central facility is needed to facilitate the movement of agricultural commodities in, out, and throughout the State.



Regarding Part II, HDOA supports the intent of this measure, but defers to the Agribusiness Development Corporation. As Hawaii transitions from a monocrop plantation system into diversified farming, our value-added and support businesses must remain competitive in order to venture in today's global marketplace. By keeping the cost down for ag-related operations that require foreign materials for production, the State could potentially create new industries in the islands, rather than shipping them overseas.

Regarding Part III, HDOA supports the measure and defers to the High Technology Development Corporation and the Agribusiness Development Corporation who is in control of the 1,200 acres of agricultural land in central Oahu acquired from the Galbraith Estate.

In developing the agricultural technology park, HTDC will consult with the Housing Finance and Development Corporation, departments of Agriculture and Education, Agribusiness Development Corporation, and the University of Hawaii College of Tropical Agriculture and Human Resources. The purpose of the Park is to build relationships and promoting collaboration between the agricultural and technology sectors to assist farmers and provide them with tools to succeed in the modern world.

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



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March 25, 2014

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON HB 2468, SD1
RELATING TO AGRICULTURAL FACILITIES

Room 211
9:00 AM

Aloha Chair Ige, Vice Chair Kidani, 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.

Hawaii Farm Bureau **strongly supports HB 2468, SD1**, authorizing DBEDT to work with HDOA on moving forward with the requirements of inspection, treatment and handling facility for incoming and outgoing cargo. This measure also establishes an agricultural foreign-trade zone and creates an agricultural technology park under the high technology development corporation.

Many bills have been introduced this year addressing problems surrounding invasive species. They all address invasives but are not part of a comprehensive effort to manage the core problem. Several years ago the Legislature created the mechanism of a comprehensive plan and significant progress was made in implementing the key measures. We seem to be drifting away from that effort. This measure, however, addresses a key component of the comprehensive Biosecurity Plan and should be given priority by DBEDT along with the Department of Transportation. Earlier today, SB2347 was heard, requiring treatment of all nursery stock that may contain invasive pests. This sounds like a very logical step, however, if associated programs to reduce pest infestations on lands adjacent to farms, and at ports and harbors along with appropriate treatment facilities are not available, this will be a cost prohibitive program for farmers.

The Big Island has coqui frog, little fire ant and coffee berry borer but also has a huge potential to expand agricultural production. This facility is vital to controlling the spread of harmful and invasive pests as Hawaii Island's production capacity and markets expand. We urge the legislature become familiar with the Hawaii Biosecurity Plan and to support its timely and complete implementation.

In Part II; Section 7, relating to an Agricultural Technology Park, we respectfully request that Hawaii Farm Bureau be specifically added to the list of agencies cued for consultation. The list, while not limited, identifies only government agencies. Government talking with government is typically not the best way to solve modern technological problems. Some of the most widely used and successful technologies are products of the private sector. Consultation with practical users of agricultural technology may reveal that the 'technology gap' is not as wide as the legislation suggests. Moreover, direct interaction with agricultural producers that need and ultimately would use technologies developed through this agricultural technology park is a link that is crucial to the success of the project. This is a prime example of an opportunity for public-private partnership.

Please include the following amendment:

§206M- Guidelines. (a) The board shall develop the agricultural technology park in consultation with but not limited to the following agencies: Hawaii housing finance and development corporation, department of agriculture, department of education, agribusiness development corporation, and University of Hawaii college of tropical agriculture and human resources-, and Hawaii Farm Bureau.

HB 2468, SD1 is an innovative approach to directly help farmers and ranchers be more competitive in the international marketplace; to access new and emerging markets and to strengthen and expand existing ones. We applaud the introducers for their vision and initiative for advancing this measure and we respectfully ask that the members of this committee do the same by passing this bill.

We thank you for your strong support of this measure.



HB2468sd1, Relating to Agricultural Facilities
Senate WAM Decision Making Hearing
Tuesday, March 25, 2014
9:00 am
Conference Room 211

Testimony by: Larry Jefts
Position: Support

Chair Ige, and Members of the Senate WAM 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.

Appreciation is expressed for the continued discussion of Part II which establishes an agricultural foreign-trade zone; and Part III which creates an agricultural technology park under the high technology development corporation.

We support Part II which seeks to establish an agricultural technology park that can bridge the agricultural and technology gap and be used to provide agritourism benefits. A coordinated plan for such an agricultural technology park will enable farmers to access technology to keep farm practices in step with contemporary market and regulatory demands.

Part III, which seeks to establish a foreign trade zone for agricultural related businesses, is supported because this is one of the tools needed to help farmers and ranchers as well as agriculture-related businesses become more competitive with overseas producers that compete with Hawaii producers.

Your support of HB2468sd1 is appreciated. Thank you for the opportunity to present testimony. I can be reached at (808) 688-2892 if there are any questions.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: skaye@hawaii.edu
Subject: Submitted testimony for HB2468 on Mar 25, 2014 09:00AM
Date: Sunday, March 23, 2014 10:29:55 PM

HB2468

Submitted on: 3/23/2014

Testimony for WAM on Mar 25, 2014 09:00AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Springer Kaye	Big Island Invasive Species Committee	Support	No

Comments: The Big Island Invasive Species Committee SUPPORTS this measure. A secure quarantine facility will provide a contained area for effective agricultural inspections, thereby reducing the risk of spreading invasive species. As a part of comprehensive biosecurity planning, proper facilities have dual benefits: they increase rates of interception of new invasive species, stopping them at the border, and they enable producers to compete in the global export market by raising confidence for overseas consumers that goods shipped clean. BIISC concurs with testimony from conservation and agriculture industry groups that this bill is good for the environment, and good for the agricultural economy of Hawaii Island and the state.

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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Testimony of The Nature Conservancy of Hawai'i
Supporting H.B. 2468 Relating to Agricultural Facilities
Senate Committee on Ways and Means
Tuesday, March 25, 2014, 9:00AM, Room 211

The Nature Conservancy of Hawai'i is a private non-profit conservation organization dedicated to the preservation of the lands and waters upon which life in these islands depends. The Conservancy has helped to protect nearly 200,000 acres of natural lands in Hawai'i. Today, we actively manage more than 35,000 acres in 11 nature preserves on Maui, Hawai'i, Moloka'i, Lāna'i, and Kaua'i. We also work closely with government agencies, private parties and communities on cooperative land and marine management projects.

The Nature Conservancy supports H.B. 2468 to authorize and provide funding for DBEDT and DOA to assess the potential for establishing cargo quarantine, treatment and handling facilities on Hawai'i island.

Invasive weeds, insects, diseases, snakes, and other pests are one of the greatest threats to Hawaii's economy, agriculture, natural environment, and the health and lifestyle of its people. Evidence from Hawai'i and around the world shows that preventing new pest establishment is exponentially more economical than eradicating a pest or, even worse, controlling it indefinitely once it becomes established. Having properly designed and controlled facilities for consolidation, inspection and, if necessary, treatment of cargo is essential to an effective biosecurity strategy, as well as to the efficient movement of goods into and out of the islands.

Thank you for the opportunity to testify in support of this bill.

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