

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON WAYS AND MEANS
ON
HOUSE BILL NO. 748 H.D. 2

March 28, 2014

PROPOSING AN AMENDMENT TO THE HAWAII CONSTITUTION TO AUTHORIZE THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST AGRICULTURAL ENTERPRISES.

House Bill No. 748, H.D. 2, proposes to amend Article VII, Section 12, of the Constitution of the State of Hawaii to authorize the State to issue special purpose revenue bonds (SPRBs) and use the proceeds from the bonds to assist agricultural enterprises on any type of agricultural land.

The Department has a comment on the bill. The amendments proposed in the bill incorporates prior Department of Budget and Finance comments and would allow SPRBs to be issued for any type of agricultural enterprise, rather than for those only serving important agricultural lands.

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
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

**TESTIMONY OF SCOTT E. ENRIGHT
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
FRIDAY, MARCH 28, 2014
9:20 A.M.
Room 211**

**HOUSE BILL NO. 748, HOUSE DRAFT 2
PROPOSING AN AMENDMENT TO THE HAWAII CONSTITUTION TO AUTHORIZE
THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST
AGRICULTURAL ENTERPRISES**

Chairperson Ige and Members of the Committee:

Thank you for the opportunity to testify on House Bill No.748, House Draft 2 that proposes to amend Article VII, Section 12 of the Hawaii State Constitution for the purpose to issue special purpose revenue bonds and use the proceeds from the bonds to assist agricultural enterprises on any type of agricultural land 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.





Testimony of Hawai'i Green Growth

In Support of HB 748

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

Senate Committee on Ways and Means

28 March 2014, 9:20am in Conference Room 211

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

Hawai'i Green Growth is a voluntary partnership of more than 50 state, county, federal, business, and non-governmental leaders from energy, food production, natural resources, waste reduction, planning, green jobs, and other sectors who have come together to support a shared statewide commitment and tangible actions toward sustainability and a model green economy.

Hawai'i Green Growth (HGG) members support of HB 748, 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 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 black ink that reads "Audrey Newman". The signature is written in a cursive, flowing style.

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.



**Testimony to the Senate Committee on Ways and Means
Friday, March 28, 2014 at 9:20 A.M.
Conference Room 211, State Capitol**

**RE: HOUSE BILL 748 HD2 PROPOSING AN AMENDMENT TO THE HAWAII
CONSTITUTION TO AUTHORIZE THE ISSUANCE OF SPECIAL PURPOSE
REVENUE BONDS TO ASSIST AGRICULTURAL ENTERPRISES**

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

The Chamber of Commerce of Hawaii ("The Chamber") **supports** HB 748 HD2, which proposes an amendment to the Hawaii State Constitution to authorize the State to issue special purpose revenue bonds and use the proceeds from the bonds to assist agricultural enterprises on any type of agricultural land.

The Chamber is the largest business organization in Hawaii, representing over 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

This bill seeks to aid Hawaii's agricultural community by supporting food security and sustainability throughout the State. The special purpose revenue bonds would help alleviate the burden on producers and processors by offsetting the costs for transportation, aged and obsolete infrastructure, as well as regulatory compliance issues. HB 748 HD2 provides much needed assistance to Hawaii's farmers and ranchers to carry out many critical agricultural projects that would improve Hawaii's economy while allowing the State to be self-sustaining.

Thank you for the opportunity to testify.



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

March 28, 2014

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON HB 748, HD2
PROPOSING AN AMENDMENT TO THE HAWAII CONSTITUTION TO AUTHORIZE
THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST
AGRICULTURAL ENTERPRISES

Room 211
9:20 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.

HFB strongly supports HB 748, HD2 which proposes an amendment to the Hawaii constitution to authorize the State to issue special purpose revenue bonds (SPRBs) and use the proceeds from the bonds to assist agricultural enterprises.

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's farmers and ranchers need access to affordable capital to implement the many projects that contribute to feeding our citizens. HB 748, HD2 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.

We appreciate this opportunity to provide testimony on this matter.



March 25, 2014

Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair
Senate Committee on Ways and Means

Testimony in Support of HB 748, HD2, Relating to Agricultural Enterprises (Proposes an Amendment to the Hawaii Constitution to Authorize the State to Issue Special Purpose Revenue Bonds and to Use the Proceeds from the Bonds to Assist Agricultural Enterprises on Any Type of Agricultural Land).

Friday, March 28, 2014, 9:20 a.m., in Conference Room 211

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 748, HD2**, and to offer comments.

HB 748, HD2. The purpose of this bill is to propose an amendment to Article VII, Section 12, of the Hawaii State Constitution to authorize the State to issue special purpose revenue bonds (SPRBs), and to use the proceeds from the bonds to assist agricultural enterprises on any type of agricultural land.

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 748, HD2 and the ensuing issuance of SPRBs to assist agricultural enterprises on any type of agricultural land 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 these Committees 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 748, HD2**, and respectfully urges your favorable consideration of this bill.

Thank you for the opportunity to present testimony in support of this measure.



SENATE COMMITTEE ON WAYS AND MEANS
Friday, March 28, 2014 -9:20 a.m. – Room 211

HB 748 HD2 - Proposing an Amendment to the Hawai'i Constitution to Authorize Issuance of Special Purpose Revenue Bonds to Assist Agricultural Enterprises – IN SUPPORT, REQUESTING AMENDMENT

Chair Ige, Vice Chair Kidani 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 of farmers, ranchers, livestock producers, investors and other organizations working to provide Hawai'i's food supply.

The Local Food Coalition is testifying in strong support of HB 748 HD2, which proposes an amendment to the Hawai'i Constitution to authorize the State to issue special purpose revenue bonds (SPRBs) to assist agricultural enterprises in Hawai'i.

The Local Food Coalition members came together 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.

One major persistent and formidable obstacle to expanding, diversifying and ensuring the sustainability of Hawai'i's food production resources is the need for substantial capital investment in agriculture infrastructure, technologies, facilities, agricultural workforce training, and production and growth activities. We recognize that the State has been supporting many facets of agriculture in Hawai'i over the years. However, there are increasingly severe limits to what it can continue to support and finance.

HB 748 HD2 will enable agricultural enterprises to obtain authorization for SPRBs and use this financing in their businesses, all for the broader immediate and long-term benefit of Hawai'i's people and economy. Not only will this provide an important source of private financing, but also it will not impact the State's public financial situation.

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

We can expect that the availability of SPRB financing for agricultural enterprises would greatly increase new investment in Hawai‘i’s agricultural industries.

A related bill, HB 737 HD2 SD1, will, by its terms, become effective only after Hawai‘i’s voters amend the Constitution to permit the authorization of SPRBs to assist agricultural enterprises.

We respectfully request your favorable consideration of HB 748 HD2 with an amendment to correct Section 5 to read, “This amendment shall take effect upon compliance with article XVII, section 3, of the Constitution of the State of Hawaii.”

Thank you very much,

Kyle Datta
General Partner
Ulupono Initiative

**HB 748 HD2
PROPOSING AN AMENDMENT TO THE HAWAII CONSTITUTION TO AUTHORIZE
THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST
AGRICULTURAL ENTERPRISES**

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

MARCH 28, 2014

Chair Ige and Members of the Senate Committee on Ways & Means:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) and its agricultural company Hawaiian Commercial & Sugar Company on HB 748 HD2, “A BILL FOR AN ACT PROPOSING AN AMENDMENT TO THE HAWAII CONSTITUTION TO AUTHORIZE THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST AGRICULTURAL ENTERPRISES.” We support this bill with the attached amendments.

This bill proposes an amendment to the State Constitution 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 constitutional amendment 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.

We understand that certain agricultural enterprises may have agricultural processing or other facilities that are an integral part of their agricultural operations that may not be situated on lands classified as agriculture. To ensure that agricultural enterprises are able to utilize the special purpose revenue bonds to finance capital and other improvements for their agricultural facilities that are not situated on agricultural lands, we respectfully request your consideration to clarify the question to be printed on the ballot in Section 3 to read as follows:

"Shall the State be authorized to issue special purpose revenue bonds and use the proceeds from the bonds to assist agricultural enterprises on any type of **[agricultural]** land, rather than only important agricultural lands?"

We would also suggest a similar clarification to the last line of Section 1 (page 1, line 5).

Thank you for the opportunity to testify.



1768 Kalawi Place
Wailuku (Maui), Hawaii 96793

March 26, 2014

Email Testimony

The Honorable David Ige
Chairman Senate Ways and Means
Sendige@capitol.hawaii.gov

Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Vincent Mina
President
Maui

Senate Committee on Ways and Means Hearing on HB 748 HD2

Simon Russell
Vice-President
Maui

Aloha Chair Ige, Honorable Committee Members,

HFUU is in Strong Support of HB 748 HD2;

David Case
Secretary
Kona

Please give the Hawaii people the opportunity to vote on whether or not to amend the constitution to allow state issuance of Special Purpose Revenue Bonds. These financial instruments will stimulate large scale, integrated infrastructure to support robust regional food systems in Hawaii.

Ray Maki
Treasurer
Kauai

In order to secure the financing for large scale of food production, storage and distribution, farmers must have equal access to capital markets. Special Purpose Revenue Bonds are an important tool to help our food producers and distributors make food self sufficiency a reality.

Pamela Boyar
Member
Oahu

Please advance this measure,

Respectfully submitted,

HAWAII FARMERS UNION UNITED

David Fisher
Member
Maui

Simon Russell
Simon Russell, Vice-President & Legislative Chairman

Steve Sakala
Member
Kona

The Hawaii Farmers Union and its Chapters is a nonprofit corporation formed under Hawaii law. It advocates for the sovereign right of farmers to create and sustain vibrant and prosperous agricultural communities for the benefit of all Hawaii through cooperation, education and legislation.