

SB2292

Testimony

Authorizes the director of finance to issue general obligation bonds to fund irrigation infrastructure for the former Galbraith estate property.

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON AGRICULTURE, AND
WATER AND LAND
ON
SENATE BILL NO. 2292

February 11, 2014

RELATING TO AGRICULTURE

Senate Bill No. 2292 authorizes the Director of Finance to issue general obligation bonds to fund irrigation infrastructure for the former Galbraith estate property.

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.



STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
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TESTIMONY OF JAMES J. NAKATANI
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE SENATE
COMMITTEES ON AGRICULTURE AND WATER & LAND

Tuesday, February 11, 2014
3:00 P.M.
Conference Room 229

SENATE BILL NO. 2292
RELATING TO AGRICULTURE

Chairpersons Nishihara, Solomon and Members of the Committees:

Thank you for the opportunity to testify on Senate Bill No. 2292, a bill to authorize the director of finance to issue general obligation bonds in the sum of \$8,000,000 for the purpose of irrigation infrastructure for the former Galbraith Estate property. The Agribusiness Development Corporation (ADC) supports this measure.

ADC acquired approximately 1,207-acres of the former plantation with plans to transition these fallow lands into diversified farms. This bill will provide the corporation with the required capital to repair, rehabilitate, or reconstruct existing irrigation infrastructure. At this present time, the Galbraith land does not have an irrigation system compatible with today's diversified agricultural farming operations.

Many factors make farming in Hawaii more difficult. Often, the lack of a proper water delivery system hinders the delivery of water for efficient production. Installing

proper drainage, replacing inefficient ditches, and having facilities capable of efficiently supplying water at both high and low flows on the Galbraith Land would result in greater efficiency and ensure our farmers have an adequate water source.

Because an efficient water system in agriculture is critical to increase agricultural production, ADC respectfully requests that the Committees pass this bill.

Thank you for the opportunity to testify.



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February 11, 2014

HEARING BEFORE THE
SENATE COMMITTEE ON AGRICULTURE
SENATE COMMITTEE ON WATER AND LAND

TESTIMONY ON SB 2292
RELATING TO AGRICULTURE

Room 229
3:00 PM

Aloha Chairs Nishihara and Solomon, Vice Chairs Kouchi and Galuteria, and Members of the Committees:

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 SB 2292 which authorizes general obligation bonds to fund irrigation infrastructure for the former Galbraith Estate lands.

This is one the largest prime agricultural lands left on the island of Oahu that is now owned in whole or in part by the State. We believe this is an opportunity to further support and expand our opportunity to provide prime agricultural lands for farmers. As the land has remained idle for many years, it will take additional funds to cultivate the land and build the necessary irrigation infrastructure to accommodate smaller agricultural parcels. The Agribusiness Development Corporation is the lead agency on this exciting project and we support every effort to bring this land back into agricultural production.

Thank you for allowing us to testify in strong support of this measure.



SENATE COMMITTEE ON AGRICULTURE AND WATER & LAND
Tuesday, February 11, 2014 – 3:00 p.m. – Room 229

The Local Food Coalition Strongly Supports SB 2292, Relating to Agriculture

Dear Chair Nishihara, Vice Chair Kouchi, Chair Solomon, Vice Chair Galuteria and Members of the Committees:

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 2292, which authorizes the director of finance to issue general obligation bonds to fund capital improvements for the former Galbraith Estate lands, which will enable significant agricultural expansion on O'ahu.

The recent acquisition of the 1,200 acres of Central O'ahu farmland offers an opportunity for agricultural growth on the state's most populated island, providing an opportunity to grow more food for our community, protecting agricultural lands and helping to make our state more self-sufficient in producing our own food. These additional funds are needed to further improve the land with water, electricity, roads and other infrastructure to help these new farming operations succeed.

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.

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

The Local Food Coalition Supports All Forms of Agriculture.

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.

Respectfully,

Kyle Datta
General Partner
Ulupono Initiative

Email: communications@ulupono.com



February 7, 2014

Senator Clarence K. Nishihara, Chair
Senator Ronald D. Kouchi, Vice Chair
Senate Committee on Agriculture

Senator Malama Solomon, Chair
Senator Brickwood Galuteria, Vice-Chair
Senate Committee on Water and Land

Support of SB 2292 (Authorizes the director of finance to issue general obligation bonds to fund irrigation infrastructure for the former Galbraith Estate property).

Tuesday, February 11, 2014, at 3:00 p.m., in Conference Room 229

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 2292**, 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 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 2292. This bill proposes to authorize the director of finance to issue general obligation bonds to finance irrigation infrastructure for the former Galbraith Estate property now owned by the State.

LURF's Position. The purpose of this bill is to provide additional funding required for construction of necessary irrigation infrastructure, including electrical, irrigation, roads, and other capital improvements, for the former Galbraith Estate property, which was acquired by the State for agricultural use, and which will help increase local agricultural production.

With large amounts of prime agricultural lands and irrigation systems made available for conversion to diversified agriculture through acquisitions of property formerly used for

large-scale agricultural operations, the State presently has an opportunity to strengthen and expand Hawaii's diversified agriculture industry. However, redevelopment of these agricultural lands, including construction of irrigation infrastructure, is required to supply the significant quantities of water needed to support and maintain productivity. In order to ensure that local agricultural producers who utilize these lands may continue to receive a dependable supply of water for crops, as well as research and development operations, sufficient funding is necessary to construct these irrigation improvements.

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. Agricultural stakeholders believe SB 2292 will greatly assist by providing funding necessary to construct necessary 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 SB 2292**, and respectfully urges your favorable consideration.

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

From: mailinglist@capitol.hawaii.gov
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Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for SB2292 on Feb 11, 2014 15:00PM*
Date: Thursday, February 06, 2014 3:15:30 PM

SB2292

Submitted on: 2/6/2014

Testimony for AGL/WTL on Feb 11, 2014 15:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	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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Cc: barbarapolk@hawaiiantel.net
Subject: Submitted testimony for SB2292 on Feb 11, 2014 15:00PM
Date: Monday, February 10, 2014 2:12:41 PM

SB2292

Submitted on: 2/10/2014

Testimony for AGL/WTL on Feb 11, 2014 15:00PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara Polk	Individual	Support	No

Comments: Protecting agricultural land is critical to the future of Hawaii. Increasingly developers are taking advantage of the CPR to develop condos on agricultural land. This bill will prohibit such developments on areas of agricultural land of more than 25 acres. It is an important requirement to ensure that Hawaii does not permanently lose the ability to become more food independent.

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State of Hawaii, 27th Legislature, Second Regular Session

SB2292

RELATING TO AGRICULTURE

Senate Committees on Agriculture and Water & Land
Public Hearing – Tuesday February 11, 2014
3:00 p.m., State Capitol, Conference Room 229

By

Dave Penn, Private Citizen

February 10, 2014

COMMENTS ONLY

Aloha Chairs Nishihara and Solomon, Vice Chairs Kouchi and Galuteria, Senators, and other readers

The 2012 legislature appropriated \$750,000 to plan and design an irrigation system to irrigate the Galbraith lands. A recent online search of the State Procurement Office "Contract Awards & Info" suggests that a contract for this work has not been awarded. It seems to me that a request to issue eight million dollars in general obligation bonds should be based upon a reasonable assessment of how the funds would be spent, and that such an assessment would be readily accessible to legislators and other taxpayers. What was the fate of the 2012 legislative appropriation to plan and design an irrigation system, and where is the plan and design documentation that justifies the expenditures proposed in SB2292?

In the process of planning, designing, building, and operating an irrigation system to irrigate the Galbraith lands, it may be essential to emphasize that (1) the irrigation project be conducted as a joint effort of the Agribusiness Development Corporation and the Office of Hawaiian Affairs, and (2) the irrigation system function to provide rightful and equitable supplies of water to the lands controlled by each entity and to the farmers using the water.

Thank you for considering this mana`o on SB2292.