

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
SENATE BILL NO. 2292

February 20, 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  
COMMITTEE ON WAYS AND MEANS

Thursday, February 20, 2014  
9:05 A.M.  
Conference Room 211

SENATE BILL NO. 2292  
RELATING TO AGRICULTURE

Chairperson Ige and Members of the Committee:

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 20, 2014

HEARING BEFORE THE  
SENATE COMMITTEE ON WAY AND MEANS

TESTIMONY ON SB 2292  
RELATING TO AGRICULTURE

Room 211  
9:05 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 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 excellent opportunity to invest in the future by securing and expanding availability of prime agricultural lands for today's farmers and those of future generations. SB2292 represents additional funding to build the necessary irrigation infrastructure to accommodate smaller agricultural operations. 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 within the context of a growing population.

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



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

SENATE COMMITTEES ON WAYS & MEANS  
Thursday, February 20, 2014 – 9:05 a.m. – Room 211

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

Dear 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 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.

*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](mailto:communications@ulupono.com)



February 14, 2014

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

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

**Thursday, February 20, 2014, at 9:05 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. 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.