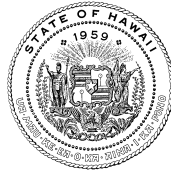


DAVID Y. IGE
GOVERNOR



WRITTEN ONLY

WESLEY K. MACHIDA
DIRECTOR

RODERICK K. BECKER
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON AGRICULTURE
ON
HOUSE BILL NO. 2546**

February 11, 2016
9:00 a.m.

RELATING TO AGRICULTURE

House Bill No. 2546 establishes the Agriculture Grant Program within the Department of Agriculture to provide grant assistance to qualified farmers for expanding operations, improving productivity, changing or adding specific crops, food safety improvements, and workforce development. The bill also establishes an Agriculture Grant Special Fund to be funded by appropriations made by the Legislature and used to provide the grants to qualified farmers.

While the Department of Budget and Finance does not take any position on the establishment of the Agriculture Grant Program, as a matter of general policy, the department does not support the creation of special funds which do not meet the requirements of Section 37-52.3, Hawaii Revised Statutes. Special funds should:

- 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program;
- 2) provide an appropriate means of financing for the program or activity; and
- 3) demonstrate the capacity to be financially self-sustaining.

In regards to House Bill No. 2546, the Agriculture Grant Special Fund does not appear to be self-sustaining since its only sources of revenue are appropriations made by the Legislature.

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 10, 2016 5:46 PM
To: AGRtestimony
Cc: dale@hicattle.org
Subject: *Submitted testimony for HB2546 on Feb 11, 2016 09:00AM*

HB2546

Submitted on: 2/10/2016

Testimony for AGR on Feb 11, 2016 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Dale Sandlin	Hawaii Cattlemens Council	Support	No

Comments:

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February 10, 2016

Representative Clift Tsuji, Chair
Representative Richard H.K. Onishi, Vice-Chair
House Committee on Agriculture

Support of HB 2546, Relating to Agriculture (Establishes the agriculture grant program and special fund to provide grants to qualified farmers for certain farming activities.)

Thursday, February 11, 2016, 9:00 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 2546** 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.

HB 2546. This bill establishes the agriculture grant program and special fund to provide grants to qualified farmers for certain farming activities.

LURF's Position. LURF members include farmers and ranchers who own, maintain, and engage in agricultural enterprises, and who consider such incentives and assistance very helpful, if not critical to the conduct of their operations and to help sustain their businesses.

As this Committee is aware, the unsustainable costs already cast upon land owners and agricultural stakeholders by various safety and security standards, programs and regulations are of 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.

The purpose of this bill is consistent with the underlying intent and objectives of the IAL laws (Hawaii Revised Statutes [HRS], Sections 205-41 to 52), which were enacted to fulfill the mandate in Article XI, Section 3, of the Hawaii State Constitution, “to conserve and protect agricultural lands, promote diversified agriculture, increase agricultural self-sufficiency and assure the availability of agriculturally suitable lands.” The IAL laws established a new paradigm which avoids requirements and mandates, and instead focuses on promoting agricultural viability by providing incentives for farmers and landowners to designate lands as IAL, and to build necessary infrastructure. This bill is thus an effort to expand the existing IAL program by establishing additional incentives for landowners to preserve and maintain IAL.

As noted in HRS Section 205-41, the intent of Act 183 (2005) was to develop agricultural incentive programs to promote agricultural viability, sustained growth of the agricultural industry, and the long-term use and protection of important agricultural lands for agricultural use in Hawaii concurrently with the process of identifying important agricultural lands as required under the Act. Such incentives and programs are expressly identified in HRS 205-41, and specifically include assistance in identifying federal, state and private grant resources for agricultural business planning and operations; as well as incentives that promote investment in agricultural businesses or value-added agricultural development, and other agricultural financing mechanisms.

LURF appreciates the underlying intent of HB 2546, which is to support agriculture and aid agriculture-related businesses, and believes that the bill is consistent with the purpose and intent of the IAL laws. Passage of the long-awaited IAL legislation would be meaningless without implementation of these incentives which require the cooperation and support of the business and economic community. The establishment of tax incentives for those engaged, or desirous of engaging, in agricultural activities are critically needed to support viable agricultural activity in this State.

By recognizing the significance of, and need to assist the local agriculture industry, and implement incentives which help to support the growth and maintenance of agriculture in the State, this bill significantly helps to promote economically viable agriculture and food self-sufficiency in Hawaii.

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

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 10, 2016 8:41 PM
To: AGRtestimony
Cc: milholen.jennifer@gmail.com
Subject: *Submitted testimony for HB2546 on Feb 11, 2016 09:00AM*

HB2546

Submitted on: 2/10/2016

Testimony for AGR on Feb 11, 2016 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer Milholen	Individual	Support	No

Comments:

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DAVID Y. IGE
Governor

SHAN S. TSUTSUI
Lt. Governor



SCOTT E. ENRIGHT
Chairperson, Board of Agriculture

PHYLLIS SHIMABUKURO-GEISER
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 HOUSE COMMITTEE ON AGRICULTURE

February 11, 2016
9:00 A.M.
CONFERENCE ROOM 312

HOUSE BILL NO. 2546
RELATING TO AGRICULTURE

Chairperson Tsuji and Members of the Committee:

Thank you for the opportunity to comment on HB 2546. This bill creates a grant program to assist qualified farmers by providing grants for agricultural purposes. The Department supports the intent of the bill to assist qualified farmers, but believes that the agricultural loan program is a better avenue to support the farming industry in Hawaii.

The department's agricultural loan program already provides access to affordable capital and clients will not borrow more than they need or can afford. In addition, the loan program is sustainable as repayment of principal can be relented to assist future borrowers and interest collected fully pays for the program.

The loan program can assist farmers immediately as statutes and rules are already in existence. Development of rules for the new grant program would need to be developed and adopted delaying the ability of the Department to assist farmers with grants.

Thank you for the opportunity to testify.



From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 10, 2016 11:07 PM
To: AGRtestimony
Cc: pulelehua23@hotmail.com
Subject: *Submitted testimony for HB2546 on Feb 11, 2016 09:00AM*

HB2546

Submitted on: 2/10/2016

Testimony for AGR on Feb 11, 2016 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Stephanie Chang	Individual	Support	No

Comments:

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

February 11, 2016

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE

TESTIMONY ON HB 2546
RELATING TO AGRICULTURE

Room 312
9:00 AM

Aloha Chair Tsuji, Vice Chair Onishi, and Members of the Committee:

I am Randy Cabral, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 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 supports HB 2546, which establishes the agriculture grant program and special fund to provide grants to qualified farmers for certain farming activities.

The decrease in direct Federal appropriations for agriculture has resulted in an increased level of dependence on grants. Many federal programs have turned into competitive grant programs.

Access grants can result in increased capacity, new business opportunities, increase employment opportunities and address Hawaii's goals of increased self-sufficiency and sustainability.

Thank you for the opportunity to comment on this measure.



Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the House Committee on Agriculture and Committee on Energy
& Environmental Protection
Thursday, February 11, 2016 at 9:00 A.M.
Conference Room 312, State Capitol**

RE: HOUSE BILL 2546 RELATING TO AGRICULTURE

Chair Tsuji, Vice Chair Onishi, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 2546, which establishes the agriculture grant program and special fund to provide grants to qualified farmers for certain farming activities. Makes an appropriation.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 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.

The Chamber supports HB 2546, which establishes the agriculture grant program and special fund to provide grants to qualified farmers for certain farming activities. The decrease in direct Federal appropriations for agriculture has resulted in an increased level of dependence on grants. Many federal programs have turned into competitive grant programs. Access grants can result in increased capacity, new business opportunities, increase employment opportunities and address Hawaii's goals of increased self-sufficiency and sustainability. Thank you for the opportunity to comment on this measure.

Thank you for the opportunity to testify.