

DAVID Y. IGE
Governor

SHAN S. TSUTSUI
Lt. Governor



State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

SCOTT E. ENRIGHT
Chairperson, Board of Agriculture

PHYLLIS SHIMABUKURO-GEISER
Deputy to the Chairperson

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

BEFORE THE HOUSE COMMITTEE ON AGRICULTURE

February 18, 2016
9:00 A.M.
CONFERENCE ROOM 312

**HOUSE BILL NO. 2595
AUTHORIZING THE ISSUANCE AND APPROPRIATION OF GENERAL OBLIGATION
BONDS FOR AGRICULTURE DEVELOPMENT**

Chairperson Tsuji and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 2595. The purpose of this measure is to authorize general obligation bonds and appropriates funds for improvements to irrigation systems statewide. The Department of Agriculture supports the intent of this bill provided that it does not impact the department's executive budget priorities and respectfully offers the following comments and amendments:

Delete the "agribusiness development corporation" from SECTION 3. The department may also have to be granted special authority to issue bonds.

Make the following amendments:

SECTION 2 (8) – Change "Waimanalo ditch" to "Waimanalo Irrigation System", and appropriate \$3,700,000 (\$400,000 design/\$3,300,000 construction);

SECTION 2 (9) – Change "Kahuku ditch" to "Kahuku Irrigation System", and appropriate \$1,400,000 (\$250,000 design/\$1,150,000 construction);

SECTION 2 (11) – Change "Molokai irrigation" to "Molokai Irrigation System", and appropriate \$4,000,000 (\$300,000 design/ \$3,700,000 construction);

SECTION 2 (13) – Appropriate \$2,000,000 (250,000 design/\$1,750,000 construction); and



SECTION 2 (14) – Appropriate \$600,000 (\$100,000 design/\$500,000 construction).

Additionally, we respectfully request that the following projects be added:

SECTION 2 (16) – State Irrigation Reservoir Safety Improvements, Statewide - \$1,000,000 (\$999,000 design /\$1,000 construction); and

SECTION 2 (17) – Kunia Agricultural Park - \$15,000,000 (\$1,000 design/\$14,999,000 construction).

Thank you for the opportunity to testify on this measure.

DAVID Y. IGE
Governor

SHAN S. TSUTSUI
Lt. Governor



JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

**TESTIMONY OF JAMES J. NAKATANI
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION
BEFORE THE COMMITTEE ON AGRICULTURE**

Thursday, February 18, 2016
9:00 a.m.

**HOUSE BILL NO. 2595
AUTHORIZING THE ISSUANCE AND APPROPRIATION OF GENERAL
OBLIGATION BONDS FOR AGRICULTURE DEVELOPMENT**

Chairperson Tsuji and Members of the Committee:

My name is James Nakatani, Executive Director of the Agribusiness Development Corporation (“ADC”). The ADC strongly supports House Bill No. 2595, and would like to provide comments on this measure which authorizes general obligation bonds and appropriates funds for improvements to irrigation systems statewide.

The ADC is an agency attached to the Hawaii Department of Agriculture (“HDOA”) tasked with transitioning fallow plantation land into cropland to provide economic opportunities for diversified agriculture operations, and providing solutions to certain bottleneck issues facing today’s agriculture industry.

The ADC supports any effort to maintain our State’s water systems. Funding to repair and maintain these irrigation systems is imperative for

agriculture since the agriculture operations these systems serve cannot thrive and farmland will not reach its full potential without a clean and reliable water supply.

With regard to Section 3 on page 6 of this measure, the ADC is not aware of any statutory authority that would allow the corporation to expend bonds and will defer to HDOA as to how these funds will be expended.

Thank you for the opportunity to testify.

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. 2595**

February 18, 2016
9:00 A.M.

**AUTHORIZING THE ISSUANCE AND APPROPRIATION OF GENERAL OBLIGATION
BONDS FOR AGRICULTURE DEVELOPMENT**

House Bill No. 2595 authorizes the issuance of general obligation bonds and appropriates funds for improvements to irrigations systems statewide.

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/programs that serve public purposes. As it appears that private entities may derive the benefit from this legislation, tax-exempt general obligation bonds 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 this program is not in the proposed Executive Budget, should this bill proceed or pass the Legislature, an amount for the corresponding annual debt service will need to be included in the Legislature's version of the budget.

Thank you for the opportunity to provide our testimony on this bill.



February 12, 2016

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

Comments in Support of HB 2595 Relating to Irrigation. (Authorizes the director of finance to issue general obligation bonds and appropriates funds for improvements to irrigation systems statewide.)

Thursday, February 18, 2016 at 9:00 a.m. in CR 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 2595**, 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 2595. This bill authorizes the director of finance to issue general obligation bonds to finance capital improvements to various irrigation systems throughout the State to ensure a dependable supply of water for Hawaii's crops. The measure specifically appropriates funds for fiscal year 2016-2017, for automated and managed irrigation systems; system optimization; planning, environmental, and legal support; project and construction management; and agriculture water use and development program, phase III, for the projects in identified irrigation systems and statewide projects.

LURF's Position. The purpose of this measure is to provide additional funding needed for improvements to irrigation systems statewide. Since large amounts of prime agricultural lands and irrigation systems became available for conversion to diversified agriculture as a result of the plantation closures in the 1990s, the State has had the opportunity to strengthen and expand Hawaii's diversified agriculture industry. Agricultural lands, however, require significant and consistent quantities of water to support and maintain productivity. Over the past decade,

the State's agriculture water supply has been negatively affected by political, economic, and climate change issues, making it difficult to develop and maintain a sustainable and viable agriculture industry. In order to ensure that local agricultural producers may continue to receive a dependable supply of water for crops, as well as research and development operations, sufficient funding is necessary to improve, repair and maintain Hawaii's irrigation systems.

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. These agricultural stakeholders believe measures such as HB 2595 will greatly assist by providing funding necessary to make improvements to irrigation systems for the long-term betterment of the State's agricultural industry, and depend on legislation 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 HB 2595**, and respectfully urges your favorable consideration.

Thank you for the opportunity to provide comments in support of this matter.



Email: communications@ulupono.com

HOUSE COMMITTEE ON AGRICULTURE
Thursday, February 18, 2016 — 9:00 a.m. — Room 312

Ulupono Initiative Strongly Supports HB 2595, Authorizing the Issuance and Appropriation of General Obligation Bonds for Agriculture Development

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

My name is Kyle Datta and I am General Partner of the Ulupono Initiative, a Hawai'i-based impact investment company that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food; increase affordable, clean, renewable energy; and reduce waste. We believe that self-sufficiency is essential to our future prosperity, and will help shape a future where economic progress and mission-focused impact can work hand in hand.

Ulupono strongly supports HB 2595, which appropriates funding for various irrigation systems statewide, because it aligns with our goal of providing more locally produced food.

This bill recognizes that all agriculture needs a reliable water supply for consistent production, especially considering recent prolonged drought conditions and their devastating effects.

As Hawai'i's local food issues become more complex and challenging, organizations need additional resources and support to address and overcome them. We appreciate this committee's efforts to look at policies that support local food production.

We believe that by collaborating 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

Investing in a Sustainable Hawai'i



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 18, 2016

HEARING BEFORE THE
HOUSE COMMITTEE AGRICULTURE

TESTIMONY ON HB 2595
RELATING TO THE ISSUANCE AND APPROPRIATION OF GENERAL OBLIGATION
BONDS FOR AGRICULTURE

Room 312
8:30 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 2595, which Authorizes general obligation bonds and appropriates funds for improvements to irrigation systems statewide.

Since the demise of sugar operations across the islands, we have seen the erosion of irrigation systems. Ditches that carried water fell into disrepair with major leaks in the system, and in cases such as Ka'u, cracks in tunnels created enough losses that there is no longer significant flow of water. The Legislature continues to advocate for increased self-sufficiency and sustainability. Agriculture must play a key role in the process and for there to be agriculture, water is important.

As time passes, these systems continue to degrade. Timely funding is needed to restore these systems to increase the opportunities for viable farm and ranch operations.

For these reasons, Hawaii Farm Bureau respectfully requests your **strong support of HB 2595**, authorizing general obligation bonds to finance the restoration of irrigation systems.

Thank you for the opportunity to comment on this measure.

**LARRY JEFTS FARMS, LLC
PO BOX 27
KUNIA, HAWAII 96759
(808) 688-2892**

HB 2595, Authorizing The Issuance and Appropriation of General
Obligation Bonds for Agriculture Development
House AGR Committee
Thursday, February 18, 2016
9:00 am
Conference Room 312

Written Testimony by: Larry Jeffs
Position: Support

Chair Tsuji and Members of the House AGR Committee:

I am Larry Jeffs, owner and operator of Larry Jeffs Farms, LLC, which is part of our family-run business of farms on Oahu and Molokai, under the administrative umbrella of Sugarland Growers, Inc. We have more than 35 years of Hawaii farm experience on Molokai and Oahu.

Appreciation and support is expressed for this proposal to provide additional funding for improvements to irrigation systems throughout the State.

As large plantation-type farm operations closed, much of the State's irrigation systems fell into disrepair because there was no ongoing maintenance. These water lines often carried water through residential and business communities who also benefited from this kind of upkeep.

Successful agricultural production begins with accessible and affordable water. Without it, agricultural lands cannot be cultivated.

Your support of this measure is greatly appreciated.