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

**BEFORE THE HOUSE COMMITTEE ON FINANCE**

**MARCH 30, 2017**  
**3:00 P.M.**  
**CONFERENCE ROOM 308**

**SENATE BILL NO. 773 SD2 HD1**  
**RELATING TO AGRICULTURE**

Chairperson Luke and Members of the Committee:

Thank for the opportunity to testify on Senate Bill 773 SD1 HD1, which proposes to establish an industrial hemp special fund to carry out the industrial hemp pilot program, and amends Act 228, SLH 2016 to allow submission of a license application at any time during the year, and amends the physical facility requirements. The department supports this bill.

To administer this program, the department will need to accept application fees, licensing fees, sampling fees and testing fees. To enforce this program, the department will need the ability to assess and accept fines. Currently, there is no fund established for the department to accept fees on behalf of the program. Without the fund, the program cannot function, nor have the chance of eventually sustain itself.

Clarifying that cultivation of industrial hemp as an agricultural activity in Hawaii will prevent possible future disagreements and misunderstandings between individual grower's and counties in which they are cultivating hemp. This would also allow the growers to receive agricultural land and agricultural water use rates.

Restricting the growth of industrial hemp to within state agricultural land districts will help with the administration and enforcement of the program. This would likely



prevent some small backyard hobbyist growing in urbanized areas where cultivation of hemp would be more risky and likely to affect the neighboring community.

Thank you for the opportunity to testify on this measure.

DAVID Y. IGE  
GOVERNOR



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FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**  
TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
SENATE BILL NO. 773, S.D. 2, H.D. 1

**March 30, 2017**  
**3:00 P.m.**  
**Room 308**

RELATING TO AGRICULTURE

Senate Bill No. 773, S.D. 2, H.D. 1, establishes the Industrial Hemp Special Fund (IHSF) for the Department of Agriculture (DOA) to carry out the purposes of the Industrial Hemp Pilot Program (IHPP) established through Act 228, SLH 2016. The IHSF would be funded through money appropriated by the Legislature, fees collected by the DOA for the purposes of the IHPP, and any interest or return earned from moneys in the special fund. This bill also requires each county to recognize the cultivation of hemp for the purposes of the pilot program as an agricultural product, use, and activity; specifies that any agricultural land used for cultivation of industrial hemp for the purposes of the pilot program shall qualify for the minimum dedication period and be assessed at the lowest percentage of fair market value; limits the cultivation of industrial hemp to licensed owners, lessees, or occupiers of lands within the State agricultural land district; and appropriates unspecified amounts of general revenues in FY 18 and FY 19 for a Program Coordinator and an Inspector and for program operations in the DOA.

The Department of Budget and Finance, as a matter of general policy, does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to Senate Bill No. 773, S.D. 2, H.D. 1, it is difficult to determine if the proposed special fund would be self-sustaining.

Thank you for your consideration of our comments.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, March 28, 2017 11:39 AM  
**To:** FINTestimony  
**Cc:** mmmmahalo2000@aol.com  
**Subject:** Submitted testimony for SB773 on Mar 30, 2017 15:00PM

**SB773**

Submitted on: 3/28/2017

Testimony for FIN on Mar 30, 2017 15:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Mike Moran	Kihei Community Association (KCA)	Support	No

Comments: Not only our area of S Maui, but all of Maui has tens of thousands of open AG acres to plant with numerous crops, and industrial hemp should be included. KCA is in strong support. Mahalo Mike Moran for KCA

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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