

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 SENATE COMMITTEE ON WAYS & MEANS

**FEBRUARY 24, 2017
1:30 P.M.
CONFERENCE ROOM 211**

**SENATE BILL NO. 773 SD1
RELATING TO AGRICULTURE**

Chairperson Tokuda and Members of the Committee:

Thank for the opportunity to testify on Senate Bill 773 SD1 which proposes to establish an industrial hemp special fund to carry out the industrial hemp pilot program, which was created by Act 228, SLH 2016. The bill also allots funds for positions to administer the Industrial Hemp Pilot Program. 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 sustaining 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 riskier and likely to affect the neighboring community.

Thank you for the opportunity to testify on this measure.



DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
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)

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

February 24, 2017
1:30 p.m.
Room 211

RELATING TO AGRICULTURE

Senate Bill No. 773, S.D. 1, establishes the Industrial Hemp Special Fund (IHSF) to carry out the purposes of the Industrial Hemp Pilot Program (IHPP) by the Department of Agriculture (DOA) established through Act 228, SLH 2016. The IHSF would be funded through money appropriated through 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; limit the cultivation of industrial hemp to licensed owners, lessees, or occupiers of lands within the State agricultural land district; and appropriates general revenues of \$258,298 in FY 18 and \$324,796 in FY 19 for a Program Coordinator and an Inspector 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. 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: Wednesday, February 22, 2017 2:40 PM
To: WAM Testimony
Cc: mmmmahalo2000@aol.com
Subject: Submitted testimony for SB773 on Feb 24, 2017 13:30PM

SB773

Submitted on: 2/22/2017

Testimony for WAM on Feb 24, 2017 13:30PM in Conference Room 211

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

Comments: The Kihei Community Association is in strong support of this measure to foster industrial hemp on our island of Maui. We have thousands of fallow AG land in need of practicable crop. Each step toward achieving this is in the best interest of our island community. Please support. 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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