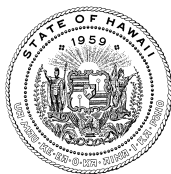


**SB 773**

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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 COMMITTEES ON AGRICULTURE AND ENVIRONMENT AND  
PUBLIC SAFETY, INTERGOVERNMENTAL, AND MILITARY AFFAIRS  
ON  
SENATE BILL NO. 773

**February 8, 2017**  
**1:15 p.m.**  
**Room 224**

RELATING TO AGRICULTURE

Senate Bill No. 773 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; and limit the cultivation of industrial hemp to licensed owners, lessees, or occupiers of lands within the State agricultural land district.

While the Department of Budget and Finance (B&F) does not take any position on the policies of the Industrial Hemp Pilot Program, as a matter of general policy, B&F

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, 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, February 7, 2017 6:43 PM  
**To:** AEN Testimony  
**Cc:** crystalkpaul@yahoo.com  
**Subject:** \*Submitted testimony for SB773 on Feb 8, 2017 13:15PM\*

**LATE**

**SB773**

Submitted on: 2/7/2017

Testimony for AEN/PSM on Feb 8, 2017 13:15PM in Conference Room 224

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Crystal Kia Paul	Individual	Support	No

Comments:

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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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 COMMITTEES ON AGRICULTURE & ENVIRONMENT  
& PUBLIC SAFETY, INTERGOVERNMENTAL, AND MILITARY AFFAIRS

FEBRUARY 8, 2017  
1:15 P.M.  
CONFERENCE ROOM 224

SENATE BILL NO. 773  
RELATING TO AGRICULTURE

Chairpersons Gabbard and Nishihara and Members of the Committees:

Thank for the opportunity to testify on Senate Bill 773 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 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.

