

DAVID Y. IGE
GOVERNOR



LAUREL A. JOHNSTON
ACTING DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
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EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

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

WRITTEN ONLY

TESTIMONY BY LAUREL A. JOHNSTON
ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON AGRICULTURE
ON
HOUSE BILL NO. 1971

January 31, 2018
8:30 A.M.
Room 312

**RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
KUNOA CATTLE COMPANY, LLC.**

House Bill No. 1971 authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist Kunoa Cattle Company, LLC, to fund the construction of a multi-species livestock farm, expansion of the slaughter and processing infrastructure, development of distribution assets and agritourism services, and expanding renewable energy assets pursuant to Part X, Chapter 39A, Hawaii Revised Statutes.

The Department is providing comments only to advise the Legislature and prospective SPRB parties that should the legislation be approved, approval of the SPRB issuance and conduit loan will require further review of the financing proposal to ensure compliance with all federal, state and credit underwriting requirements. For additional information, please consult our FAQ located at the following link:

<http://budget.hawaii.gov/wp-content/uploads/2012/11/SPRB-FAQ.pdf>.

Thank you for your consideration of our comments.

DAVID Y. IGE
Governor

SHAN S. TSUTSUI
Lt. Governor



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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 HOUSE COMMITTEE ON AGRICULTURE

JANUARY 31, 2018
8:30 A.M.
CONFERENCE ROOM 312

HOUSE BILL NO. 1971
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
KUNOA CATTLE COMPANY LLC

Chairperson Creagan and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 1971, relating to the issuance of special purpose revenue bonds to Kunoa Cattle Company LLC, to fund the construction of a multi-species livestock farm, expansion of slaughter and processing infrastructure development, development of distribution assets and agritourism services, and expanding renewable energy assets. The Department strongly supports this bill.

Kunoa Cattle Company is committed to land stewardship, holistic management and renewable energy to provide a sustainable future. They have purchased the slaughterhouse on Oahu and intend to expand the current slaughter and processing operations which will open new options for Hawaii ranchers and farmers to raise more livestock for local consumption and encourage food sustainability.

Thank you for the opportunity to testify on this measure.



HB-1971

Submitted on: 1/26/2018 3:44:09 PM

Testimony for AGR on 1/31/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
John R. Gordines	Hawaii Floriculture & Nursery Ass.	Support	Yes

Comments:



Hawaii Cattlemen's Council, Inc.

COMMITTEE ON AGRICULTURE
Rep. Richard P. Creagan, Chair
Rep. Lynn DeCoite, Vice Chair

DATE: Wednesday, January 31, 2018
TIME: 8:30 AM
PLACE: Conference Room 312

HB 1971 - RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO KUNOA CATTLE COMPANY, LLC.

Authorizes the issuance of special purpose revenue bonds to assist Kunoa Cattle Company, LLC, to fund the construction of a multi-species livestock farm, expansion of the slaughter and processing infrastructure, development of distribution assets and agritourism services, and expanding renewable energy assets.

Chair Creagan, Vice Chair DeCoite, and Members of the Committee:

My name is Dale Sandlin, and I am Managing Director of the Hawaii Cattlemen's Council. The Hawaii Cattlemen's Council, Inc. (HCC) is the Statewide umbrella organization comprised of the four county level Cattlemen's Associations. Our 150+ member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of approximately 25% of the State's total land mass.

The Hawaii Cattlemen's Council **supports** HB 1971 as this measure will provide funding to improve the processing infrastructure for livestock in Hawaii.

As the cattle industry in Hawaii is undergoing a renaissance with more cattle being produced for local consumption, the weakest link in our chain is processing capacity. This SPRB would provide funding to improve the processing capacity for livestock in our state, as well as other potential plans for agro-tourism and energy production.

With the mandate to doubling food production, the cattle industry is poised to meet this challenge. High demand, consumer interest and expanding markets are promising signs for our industry's success. Anything we can do to provide an increase in processing capacity is a step in the right direction.

We respectfully ask this committee to pass HB 1971 and we appreciate the opportunity to testify on this important matter. We apologize for not being able to provide this testimony in person as our industry is currently meeting in Phoenix for the National Cattlemen's Beef Association Convention.





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January 31, 2018

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE

TESTIMONY ON HB 1971
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
KUNOA CATTLE COMPANY, LLC

Room 312
8:30 AM

Aloha Chair Creagan, Vice Chair DeCoite, 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 interests of our diverse agricultural community.

The Hawaii Farm Bureau strongly supports HB 1971, which authorizes the issuance of special purpose revenue bonds to assist Kunoa Cattle Company, LLC, to fund the construction of a multi-species livestock farm, expansion of the slaughter and processing infrastructure, development of distribution assets and agritourism services, and expanding renewable energy assets.

Hawaii's livestock industry faces numerous challenges. These challenges have been a contributing factor to the decline of the state's livestock industry. Sustainability, self-sufficiency and growing agriculture are popular concepts seen in many of the measures before the legislature this year.

Kunoa Cattle has shown a commitment to Hawaii agriculture and has demonstrated their capacity to grow and expand their business. This operation will provide a basis for other livestock products and is a good example of agriculture acting as an economic engine to grow Hawaii's economy. This request is designed to provide not only needed capacity but also allow new technologies to enhance energy and waste management, food safety and animal welfare.

Thank you for this opportunity to provide our opinion on this important matter.

HB-1971

Submitted on: 1/27/2018 11:42:28 AM

Testimony for AGR on 1/31/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez		Oppose	No

Comments:



January 30, 2018

Representative Richard Creagan
Chair, House Committee on Agriculture
Hawaii State Capitol, Room 331
Honolulu, HI 96813

Aloha e Representative Creagan:

We are writing in strong support of HB1971, Relating to the Issuance of Special Purpose Revenue Bonds to Kunoa Cattle Company, LLC (Kunoa).

Kunoa is a vertically integrated, Hawaii-Grown meat company co-located on Oahu and Kauai. We manage 2,000 head of cattle on our Kauai ranch, and we operate the State's largest animal harvesting and processing facility in Kapolei (formerly, Hawaii Livestock Cooperative).

An essential part of our business model is aggregating from ranchers on the neighbor islands, providing them with a new market for their animals. We currently work with more than two dozen producers on Oahu, Kauai, Maui, and Big Island. We also provide third-party processing services for Parker Ranch and Kualoa Ranch, among others.

We have grown from two employees in 2015 to 27 employees today. We have opened new markets in Hawaii for local meats, including Times Supermarkets, Don Quijote, and the US Military Commissaries, replacing imports and displacing mainland beef market share. Our products are all-natural and healthier alternatives to conventional beef, both for the environment and for human health.

To multiply these benefits, we are seeking a SPRB to finance additions to our current operation in Kapolei, including expanded livestock infrastructure and production, agritourism, and renewable energy components.

We are grateful for your support of our efforts to double Hawaii's food production.

Robert J. Farias, Jr. & Jack Beuttell, Co-founders
Kunoa Cattle Company, LLC

HB-1971

Submitted on: 1/30/2018 9:18:52 PM

Testimony for AGR on 1/31/2018 8:30:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities	Support	No

Comments:

LATE

HB-1971

Submitted on: 1/30/2018 11:06:50 PM
Testimony for AGR on 1/31/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Alexis Thomas		Oppose	No

Comments:

Please vote no on this! I believe that an Environmental assessment be done should any plans continue. Mahalo

LATE

HB-1971

Submitted on: 1/30/2018 11:13:37 PM

Testimony for AGR on 1/31/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Natalie Parra	Keiko Conservation	Oppose	No

Comments:

Please do an environmental assessment.



LATE TESTIMONY

State of Hawai'i
Committee on Agriculture
Hearing: Wed. Jan.31, 2018
8:30 am Conference Room 312
State Capitol

Chair: Rep Richard Creagan
Vice-Chair: Lynn DeCoite

re: HB1971
Position: strongly oppose

Animal Rights Hawai'i has several concerns about this proposed issuance of special purpose revenue bonds to the Kunoa Cattle Company.

We have not yet been able to access the original lease from the State to FLC/ HLC, but we feel that the details of those leases as well as that issued to Kunoa Cattle are relevant to the plans for the use of 110 acres of state land. Kunoa's plans to establish a farm in the midst of an industrial park- across the street from an oil refinery and next to a refinery is bizarre. The raising of sheep, goats, pigs and poultry for human consumption in a toxic environment should raise concerns.

We urge the committee to hold this bill, until the lease is audited and an environmental assessment is performed.

We also have concerns about the past violations of the Humane Methods of Slaughter Act. We recognize the owners response to federal violations, but we continue to monitor federal oversight.

Cathy Goeggel
President
Animal Rights Hawai'i