

**SB 1208**

DAVID Y. IGE  
Governor

SHAN S. TSUTSUI  
Lt. Governor



State of Hawaii  
**DEPARTMENT OF AGRICULTURE**  
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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 &  
WATER & LAND**

**FEBRUARY 13, 2017  
2:45 P.M.  
CONFERENCE ROOM 224**

**SENATE BILL NO. 1208  
RELATING TO THE AGRICULTURE**

Chairpersons Gabbard and Rhoads and Members of the Committees:

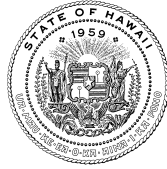
Thank you for the opportunity to testify on Senate Bill No. 1208. This bill establishes the agribusiness land and facilities special fund to acquire, lease, manage, and operate large tracts of former agricultural land in the State for purposes of agricultural economic development. The department supports this measure provided it does not impact the Department's priorities listed in the Executive Budget.

The State's ability to provide affordable land is critical for new agriculturalists. A fund such as this will ensure a mechanism moving forward for Hawaii to provide increased food security and self-sufficiency.

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**

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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 COMMITTEES ON AGRICULTURE AND ENVIRONMENT AND  
WATER AND LAND  
ON  
SENATE BILL NO. 1208

**February 13, 2017  
2:45 p.m.  
Room 224**

RELATING TO AGRICULTURE

Senate Bill No. 1208 establishes the Agribusiness Land and Facilities Special Fund (ALFSF) to be used for the acquisition, operation, and maintenance costs relating to large tracts of agricultural lands in the State. The ALFSF is to be funded by appropriations from the Legislature, revenues received from the Agribusiness Development Corporation (ADC) from the acquisition, lease, management, and operation of former tracts of former agricultural land, and all proceeds from revenue bonds issued by the ADC.

As a matter of general policy, the Department of Budget and Finance 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. 1208, it is difficult to determine if the proposed special fund would be self-sustaining.

Thank you for your consideration of our comments.

**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  
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**TESTIMONY OF JAMES J. NAKATANI**  
**EXECUTIVE DIRECTOR**  
**AGRIBUSINESS DEVELOPMENT CORPORATION**

**BEFORE THE COMMITTEE ON AGRICULTURE AND ENVIRONMENT**  
**AND**  
**THE COMMITTEE ON WATER AND LAND**

Monday, February 13, 2017  
2:45 p.m.

**SENATE BILL NO. 1208**  
**RELATING TO AGRICULTURE**

Chairperson Gabbard, Chairperson Rhoads, and Members of the Joint Committees:

My name is James Nakatani, Executive Director of the Agribusiness Development Corporation ("ADC"). The ADC strongly supports Senate Bill No. 1208 which establishes the agribusiness land and facilities special fund within Chapter 163D, Hawaii Revised Statutes, to acquire, lease, manage, and operate large tracts of former agricultural land in the State for agricultural economic development.

The ADC is an agency attached to the Hawaii Department of Agriculture tasked with transitioning former plantation lands and water systems for diversified agriculture and providing solutions to certain bottleneck issues facing today's agriculture industry.

Establishing the agribusiness land and facilities special fund under 163D HRS will provide ADC with another tool to help move agriculture forward. The special fund is specifically for the acquisition, operation, and maintenance cost relating to large tracts of agricultural lands and for debt service. In essence, this fund will allow the ADC to reinvest revenue generated from its project to help strengthen and diversify Hawaii's agricultural industry.

Thank you for the opportunity to testify, and for your consideration of this bill.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 12, 2017 2:34 PM  
**To:** AEN Testimony  
**Cc:** akamaimom@gmail.com  
**Subject:** Submitted testimony for SB1208 on Feb 13, 2017 14:45PM

**SB1208**

Submitted on: 2/12/2017

Testimony for AEN/WTL on Feb 13, 2017 14:45PM in Conference Room 224

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Felicia Cowden	Individual	Support	No

Comments: In general, I support the need to conserve Kauai agricultural land to be available for farming for future generations and the present. It is important that land is available from the ADC, also to smaller farmers for localized food production in amounts like 5 acres, rather than saving all lands for hundreds or thousands of acres to one crop. Adding value, would be placing a perimeter area that is defined for organic or natural farming methods close to schools, neighborhoods or sensitive areas. This has multiple benefits as it is close to the consumer and creates a natural buffer zone between conventional farms with high dust levels and vulnerable populations. Felicia Cowden Kilauea, Kauai

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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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 12, 2017 6:14 PM  
**To:** AEN Testimony  
**Cc:** darakawa@lurf.org  
**Subject:** \*Submitted testimony for SB1208 on Feb 13, 2017 14:45PM\*

**LATE**

**SB1208**

Submitted on: 2/12/2017

Testimony for AEN/WTL on Feb 13, 2017 14:45PM in Conference Room 224

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
David Z. Arakawa	Land Use Research Foundation of Hawaii	Support	No

Comments:

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**LARRY JEFTS FARMS, LLC  
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SB 1208, Relating to Agriculture  
Senate AEN/WTL Committee  
Monday, February 13, 2017  
2:45 pm  
Conference Room 224

Testimony by: Larry Jeffs  
Position: Support

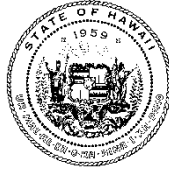
Chairs Gabbard and Rhoads, and Members of the Senate AEN/WTL Committee:

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. I am a volunteer director for the West Oahu Soil and Water Conservation District (SWCD).

The acquisition of large tracts of former privately owned agricultural lands will preserve in perpetuity these lands for agricultural production. It will stop the bleed of former agricultural lands to commercial development and housing.

Thank you for the opportunity to present testimony

DAVID Y. IGE  
GOVERNOR



SARAH ALLEN  
ADMINISTRATOR  
MARA SMITH  
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

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**LATE**

TESTIMONY  
OF  
SARAH ALLEN, ADMINISTRATOR  
STATE PROCUREMENT OFFICE  
  
TO THE SENATE COMMITTEES  
ON  
AGRICULTURE AND ENVIRONMENT  
AND  
WATER AND LAND  
February 13, 2017, 2:45 p.m.  
  
SENATE BILL 1208  
RELATING TO AGRICULTURE

Chairs Gabbard and Rhoads, Vice-Chairs Riviere and Gabbard, and members of the committees, thank you for the opportunity to submit testimony on Senate Bill 1208.

*The SPO has no comment on the intent of the bill but opposes the language in Section 2 on page 3, lines 17 through 20 stating:*

“...No expenditure, use, or transfer of funds from the agribusiness land and facilities special fund by the corporation shall be subject to chapter 42F or 103D...”

The Hawaii Public Procurement Code (code) is the single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure and transparency in the procurement and contracting process vital to good government.

Public procurement's primary objective is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion, or fraud in awarding of contracts. To legislate that any one entity should be exempt from compliance with HRS chapter 103D conveys a sense of disproportionate equality in the law's application.

Exemptions to the code mean that all procurements made with taxpayer monies will not have the same oversight, accountability and transparency requirements mandated by those procurements processes provided in the code. It means that there is no requirement for due diligence, proper planning or consideration of protections for the state in contract terms and conditions, nor are there any set requirements to conduct cost and price analysis and market research or post-award contract management. As such, Agencies can choose whether to compete any procurement or go directly to one contractor. As a result, leveraging economies of scale and cost savings efficiencies found in the consistent application of the procurement code are lost. It also means Agencies are not required to adhere to the code's procurement integrity laws.

The National Association of State Procurement Officials state: "Businesses suffer when there is inconsistency in procurement laws and regulations. Complex, arcane procurement rules of numerous jurisdictions discourage competition by raising the costs to businesses to understand and comply with these different rules. Higher costs are recovered through the prices offered by a smaller pool of competitors, resulting in unnecessarily inflated costs to state and local governments."

When public bodies or programs, are removed from the state's procurement code it results in the harm described above. As these entities create their own procurement rules, businesses are forced to track their various practices.

Relieving some programs from some laws by exempting or excluding them from compliance with a common set of legal requirements creates an imbalance wherein the competitive environment becomes different among the various jurisdictions and the entire procurement process becomes less efficient and costlier for the state and vendors.

Thank you.



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**LATE**

February 13, 2017

HEARING BEFORE THE  
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT  
SENATE COMMITTEE ON WATER AND LAND

**TESTIMONY ON SB 1208**  
RELATING TO AGRICULTURE

Room 224  
2:45 PM

Aloha Chairs Gabbard and Rhoads, Vice Chair Riviere, and Members of the Committees:

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.

**HFB supports SB 1208**, which establishes the agribusiness land and facilities special fund to acquire, lease, manage, and operate large tracts of former agricultural land in the State for purposes of agricultural economic development.

HFB believes that in order for agriculture to flourish in Hawaii and reach their full potential, land availability and long-term leases at affordable and predictable lease rental rates are critical. The acquisition by the state of agricultural lands will significantly increase the available agricultural land under the State's control and will provide farmers with long-term leases that will enhance the economic viability of Hawaii's agriculture industry.

We believe this is an opportunity to further support and expand the state's ability to provide agricultural lands for farmers, which is consistent with the State's goal of increasing self sufficiency and sustainability.

Thank you for the opportunity to provide testimony on this measure.