

DAVID Y. IGE  
Governor

DOUGLAS S. CHIN  
Lt. Governor



SCOTT E. ENRIGHT  
Chairperson, Board of Agriculture

PHYLLIS SHIMABUKURO-GEISER  
Deputy to the Chairperson

State of Hawaii  
**DEPARTMENT OF AGRICULTURE**  
1428 South King Street  
Honolulu, Hawaii 96814-2512  
Phone: (808) 973-9600 FAX: (808) 973-9613

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

**BEFORE THE SENATE COMMITTEES ON AGRICULTURE & ENVIRONMENT AND  
WATER & LAND**

**FEBRUARY 7, 2018  
1:15 P.M.  
CONFERENCE ROOM 224**

**SENATE BILL NO. 2084  
RELATING TO AGRICULTURE**

Chairperson Gabbard, Chairperson Rhoads and Members of the Committees:

Thank you for the opportunity to testify on Senate Bill No. 2084, which allocates funds to the Agribusiness Development Corporation for the Agricultural Land Acquisition Fund for the acquisition, administration, maintenance, and management of agricultural lands and irrigation systems. The Department supports this bill provided it does not impact the priorities listed in the Executive Budget.

Providing State land to agriculturalists will allow local farmers the opportunity to obtain affordable lease rents and the ability to invest in future operations. The State's goal of food sustainability is directly affected with the ability to offer affordable agricultural lands and a low-cost, reliable water source. This bill will dedicate a funding source for the Agribusiness Development Corporation to do just that.

Thank you for the opportunity to testify on this measure.



**DAVID Y. IGE**  
Governor

**DOUGLAS S. CHIN**  
Lt. Governor



**JAMES J. NAKATANI**  
Executive Director

STATE OF HAWAII  
**AGRIBUSINESS DEVELOPMENT CORPORATION**  
235 S. Beretania Street, Room 205  
Honolulu, HI 96813  
Phone: (808) 586-0186 Fax: (808) 586-0189

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

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

Wednesday, February 7, 2018  
1:15 p.m.

**SENATE BILL NO. 2084**  
**RELATING TO AGRICULTURE**

Chairperson Gabbard, Chairperson Rhoads and Members of the Committees:

My name is James Nakatani, Executive Director of the Agribusiness Development Corporation (“ADC”). The ADC supports Senate Bill No. 2084 that establishes the agricultural land acquisition fund to provide funding for the acquisition, administration, maintenance, and management of agricultural lands and irrigation systems to improve food security. Specifies sources of deposits into the fund. Appropriates funds.

Keeping agricultural lands in agriculture should be considered as a high priority because of the potential benefits it presents for Hawaii’s agriculture industry. Since land is a critical component in enhancing the State’s food security, obtaining agricultural lands may significantly increase the available agricultural land for food production and may offer many possibilities to boost the economic viability of the entire agriculture industry.

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



**STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

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 SENATE COMMITTEES ON AGRICULTURE AND ENVIRONMENT  
AND WATER AND LAND  
ON  
SENATE BILL NO. 2084

**February 7, 2018  
1:15 p.m.  
Room 224**

RELATING TO AGRICULTURE

Senate Bill (S.B.) No. 2084 establishes the Agriculture Land Acquisition Fund (ALAF) within the Agribusiness Development Corporation for the acquisition, administration, maintenance and management of agricultural lands and irrigation systems to improve food security. The ALAF would be funded by appropriations from the Legislature, interest earned, any grant or donation and by an unspecified amount from the tax of each barrel of petroleum product and an unspecified percentage of tax on each one million British thermal units (BTU) of fossil fuel under the Environmental Response, Energy and Food Security Tax (Barrel Tax). This bill also appropriates an unspecified amount of general funds in FY 19 to be deposited into the ALAF.

Although this measure does not specify whether the ALAF is a special or revolving fund, as a matter of general policy, the Department of Budget and Finance (B&F) does not support the creation of any special or revolving fund which does not meet the requirements of Sections 37-52.3 and 37-52.4, HRS. Special or revolving 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 S.B. No. 2084, it is difficult to determine if the proposed fund would be self-sustaining.

Additionally, B&F has serious concerns with increasing the distribution of the Barrel Tax beyond what is established in Section 243-3.5, HRS. Under its current distribution, \$.60 of the tax on each barrel of petroleum and approximately \$.11 on each one million BTU of fossil fuel go to the general fund. The current general fund financial plan does not take into account any additional distributions of the Barrel Tax away from the general fund. Due to unspecified distributions to the ALAF, it is difficult to determine the loss to the general fund.

Thank you for your consideration of our comments.



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SENATE COMMITTEES ON AGRICULTURE & ENVIRONMENT AND WATER & LAND  
Wednesday, February 7, 2018 — 1:15 p.m. — Room 224

**Ulupono Initiative Strongly Supports SB 2084, Relating to Agriculture**

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

My name is Kyle Datta, and I am General Partner of Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally produced food; increase affordable, clean, renewable energy; and better management of waste and fresh water. Ulupono believes that self-sufficiency is essential to our future prosperity and will help shape a future where economic progress and mission-focused impact can work hand in hand.

**Ulupono strongly supports SB 2084**, which establishes the agricultural land acquisition fund, because it aligns with our goal of creating more locally produced food.

Quality agricultural land is one of the main prerequisites for local food production. Yet, living in an island community that faces constant pressure for development, means the amount of quality agricultural land is becoming scarcer for farmers and ranchers to access.

This fund will help keep key lands in agriculture and provide expanded opportunities for farmers and ranchers to obtain access to high-quality land at affordable rates.

As Hawai'i's local food issues become more complex and challenging, organizations need additional resources and support to address and overcome them. We appreciate these committees' efforts to look at policies that support local food production.

We believe that by collaborating, we can help produce more local food and support an economically robust homegrown agriculture industry, which strengthens our community with fresh, healthy food. Thank you for this opportunity to testify.

Respectfully,

Kyle Datta  
General Partner

*Investing in a Sustainable Hawai'i*

**SB-2084**

Submitted on: 2/5/2018 10:47:07 AM

Testimony for AEN on 2/7/2018 1:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lea Hong	The Trust for Public Land	Support	No

Comments:

Aloha Chair Rhoads and the Members of the Committee -

The Trust for Public Land supports SB2084, which creates a new source of funding for agricultural land acquisition and infrastructure. We agree that agricultural land and the ability to increase local food production is threatened by subdivision and development, and deterioration of existing farming infrastructure. The State's constitutional mandate to conserve agricultural land could be well served through this bill.

My apologies that I will be traveling and will not be able to attend this important.

Mahalo -

Lea Hong, Hawaiian Islands State Director, The Trust for Public Land

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

**SUBJECT:** FUEL, Earmark Barrel Tax to Buy Agricultural lands

**BILL NUMBER:** SB 2084

**INTRODUCED BY:** DELA CRUZ, GALUTERIA, INOUE, K. KAHELE, NISHIHARA, WAKAI, S. Chang, Harimoto, Kidani, Riviere, Shimabukuro

**EXECUTIVE SUMMARY:** Adds an earmark on the barrel tax to provide a dedicated funding source for the acquisition of agricultural lands. Creates a new special fund, the Acquisition of Agricultural Lands Trust Fund, to do this.

**SYNOPSIS:** Adds a new section to chapter 163D, HRS, to establish the Agricultural Land Acquisition Fund. Moneys in the fund are to be expended for the acquisition, administration, maintenance, and management of agricultural lands and irrigation systems to improve food security.

Amends section 243-3.5, HRS, to earmark \_\_ cents per barrel, or \_\_ % of the tax on each one million BTU, to be deposited in the agricultural land acquisition special fund.

**EFFECTIVE DATE:** July 1, 2018.

**STAFF COMMENTS:** The barrel tax in section 243-3.5, HRS, is imposed on each barrel of petroleum products. It started off at a nickel per barrel to create a fund for environmental cleanup to be used if a disaster like the Exxon Valdez ever were to take place off our shores.

In 2009, lawmakers raised the nickel to \$1.05, an increase of 2000%. This was to be a temporary increase because the state had fallen upon tough economic times, and it is supposed to disappear on July 1, 2015. It didn't. In 2015, the barrel tax was not only made permanent, but it was extended to all fossil fuels other than petroleum products on a BTU equivalent basis. So we are now looking at higher prices for everything involving fossil fuels, including gasoline and electricity (guess what we burn to generate electricity).

The earmarking of revenues brings with it a loss of transparency and accountability. As with any earmarking of revenues, the legislature will be preapproving each of the initiatives fed by the tax earmark, so expenses from the funds largely avoid legislative scrutiny, and the effectiveness of the programs funded becomes harder to ascertain. It is also difficult to determine whether too little or too much revenue has been diverted from other priorities in the state budget.

If the legislature deems the programs and purposes funded by this special fund to be a high priority, then it should maintain the accountability for these funds by appropriating the funds as it does with other programs. If the money were appropriated, lawmakers would have to evaluate the real or actual needs of each program.

Digested 2/3/2018

**SB-2084**

Submitted on: 2/3/2018 4:25:55 PM

Testimony for AEN on 2/7/2018 1:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Benton Kealii Pang, Ph.D.	Hawaiian Civic Club of Honolulu	Support	No

Comments:



**SB-2084**

Submitted on: 2/5/2018 4:09:08 PM

Testimony for AEN on 2/7/2018 1:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dale Sandlin	Hawaii Cattlemens Council	Support	Yes

Comments:

**SB-2084**

Submitted on: 2/6/2018 12:10:23 PM

Testimony for AEN on 2/7/2018 1:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	OCC Legislative Priorities	Support	No

Comments:

**PRESENTATION OF THE  
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES  
DEMOCRATIC PARTY OF HAWAII**

TO THE COMMITTEE ON AGRICULTURE AND ENVIRONMENT, AND  
COMMITTEE ON WATER AND LAND  
THE SENATE  
TWENTY-NINTH LEGISLATURE  
REGULAR SESSION OF 2018  
Wednesday, February 7, 2018  
1:15 p.m.  
Hawaii State Capitol, Conference Room 224

**RE: Testimony in Support** of SB 2084, RELATING TO AGRICULTURE

To the Honorable Mike Gabbard, Chair; the Honorable Gil Riviere, Vice-Chair, and Members of the Committee on Agriculture and Environment:

To the Honorable Karl Rhoads, Chair; the Honorable Mike Gabbard, Vice-Chair, and Members of the Committee on Water and Land:

Good afternoon. My name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of

Hawaii. Thank you for the opportunity to provide written testimony on Senate Bill No. 2084 regarding an Agricultural Land Acquisition Fund for food security purposes.

The OCC Legislative Priorities Committee is in favor of Senate Bill No. 2084 and support its passage.

Senate Bill No.2084 is in accord with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it establishes the agricultural land acquisition fund to provide funding for the acquisition, administration, maintenance, and management of agricultural lands and irrigation systems to improve food security.

Specifically, the DPH Platform provides that as "an island state, securing affordable food for all is a priority. We support healthy, sustainable, and diversified local food production, and "Buy Local" strategies to assure greater food security and food safety." (Platform of the DPH, P. 2, Lines 97-99 (2016)).

Given that Senate Bill No.2084 establishes an Agricultural Land Acquisition Fund for food security purposes, it is the position of the OCC Legislative Priorities Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

**/s/ Melodie Aduja**

Melodie Aduja, Chair, OCC Legislative Priorities Committee

Email: [legislativepriorities@gmail.com](mailto:legislativepriorities@gmail.com), Tel.: (808) 258-8889

**SB-2084**

Submitted on: 2/2/2018 7:29:57 PM

Testimony for AEN on 2/7/2018 1:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
DONNIE BECKER		Support	No

Comments: