

DAVID Y. IGE
Governor

DOUGLAS S. CHIN
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 COMMITTEE ON WAYS & MEANS

**FEBRUARY 28, 2018
10:45 A.M.
CONFERENCE ROOM 211**

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

Chairperson Dela Cruz and Members of the Committee:

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 Department's 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
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JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
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TESTIMONY OF JAMES J. NAKATANI
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE COMMITTEE ON WAYS AND MEANS
Wednesday, February 28, 2018
10:45 a.m.

SENATE BILL NO. 2084
RELATING TO AGRICULTURE

Chairperson Dela Cruz and Members of the Committee:

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.

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, INOUYE, 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



Email: communications@ulupono.com

SENATE COMMITTEE ON WAYS & MEANS
Wednesday, February 28, 2018 — 10:45 a.m. — Room 211

Ulupono Initiative Strongly Supports SB 2084, Relating to Agriculture

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

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 this committee's 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: 2/26/2018 2:09:41 PM

Testimony for WAM on 2/28/2018 10:45:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dale Sandlin	Testifying for Hawaii Cattlemens Council	Support	No

Comments: