

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 COMMITTEE ON AGRICULTURE & ENVIRONMENT

**FEBRUARY 2, 2018
1:15 P.M.
CONFERENCE ROOM 224**

**SENATE BILL NO. 2085
RELATING TO AGRICULTURE**

Chairperson Gabbard and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 2085. This bill establishes a grant program within the Agribusiness Development Corporation (ADC) to assist with ag related improvements to existing and emerging farms and operations. The Department supports this measure provided it does not impact the Department's priorities listed in the Executive Budget.

The ADC is an attached agency to the Department of Agriculture tasked with transitioning Hawaii's former plantation industry into diversified agriculture. Having a tool such as the grant program identified in this measure will help move Hawaii's agricultural industry in the right direction toward food sustainability and local food production.

Thank you for the opportunity to testify on this measure.



DAVID Y. IGE
Governor

SHAN S. TSUTSUI
Lt. Governor



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 AGRICULTURE AND ENVIRONMENT

Friday, February 2, 2018
1:15 p.m.

SENATE BILL NO. 2085
RELATING TO THE AGRICULTURE

Chairperson Gabbard and Members of the Committee:

My name is James Nakatani, Executive Director of the Agribusiness Development Corporation (“ADC”). The ADC strongly supports Senate Bill No. 2085 which establishes a grant program within Chapter 163D, Hawaii Revised Statutes, to support Hawaii’s farms and emerging agribusiness operations.

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 a grant program under 163D HRS will give ADC the ability to provide capital to farmers and agribusiness operations for critical agriculture-related improvements such as modernizing and expanding existing agricultural operations, which includes equipment modernization and/or replacement, infrastructure repairs, research and development of new markets and products, and technical training and educational services.

The ability to issue grants will not only allow the ADC to streamline its operations, it will: 1) provide the means to assist local farming operations; 2) make investments to strengthen and diversify Hawaii's agricultural; and 3) attract and retain businesses. In addition to providing ADC with another tool to help move agriculture forward, the ability to issue grants may help foster partnerships to facilitate ADC projects.

In regard to Section 1, subsection (2) on page 2, lines 9-11, the ADC already has a self-imposed limit due to its limited amount of funds and cannot issue a grant it cannot sustain. Furthermore, a limit on the grant amount may limit or deter certain grant proposals. For these reason, the ADC request the removal of this provision to provide the grant program with more flexibility. We appreciate your consideration.

Thank you for the opportunity to testify.



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February 2, 2018

HEARING BEFORE THE
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

TESTIMONY ON SB 2085
RELATING TO AGRICULTURE

Room 224
1:15 pm

Aloha Chair Gabbard, Vice Chair Riviere, 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 supports SB 2085, which establishes a grant program to be administered by the agribusiness development corporation to provide financial support for agriculture-related improvements to existing and emerging farms and agribusiness operations.

ADC was initiated by the agricultural industry as the closure of plantations escalated and there was a need to identify mechanisms that could quickly place farmers on lands that were destined to be idle. HFB believes that ADC has a tremendous amount of power and has a responsibility in continuing to assist Hawaii's transition from plantation agriculture to smaller diversified agricultural operations.

HFB supports any initiative that reduces the cost of production so that locally produced goods can compete with imported products, strengthening our local economy.

Hawaii Farm Bureau Policy states:

"State tax and monetary policies should be designed to encourage private initiative to help stabilize farm economics in the State of Hawaii, to promote employment and economic growth and to distribute the tax burden equitably. Further such policy should be used by the state, when appropriate, to encourage agricultural growth and expansion."

This measure falls in the "encourage agricultural growth and expansion." category.

Hawaii's farmers and ranchers are finding it difficult to secure the financial support necessary to build capacity. Access to an ADC grant can result in increased capacity, new business opportunities, increase employment opportunities and address Hawaii's goals of increased self-sufficiency and sustainability.

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



January 31, 2018

Senator Mike Gabbard, Chair
Senator Gil Riviere, Vice-Chair
Senate Committee on Agriculture and Environment

Support of SB 2085, Relating to Agriculture (Establishes a grant program to be administered by the agribusiness development corporation to provide financial support for agriculture-related improvements to existing and emerging farms and agribusiness operations.)

Friday, February 2, 2018, 1:15 p.m., in Conference Room 224

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF appreciates the opportunity to express its **support of SB 2085** and of the various agricultural stakeholder groups who defend the goals of viable agricultural operations and the conservation and protection of agriculture, including important agricultural lands (IAL) in Hawaii.

SB 2085. This bill establishes the agribusiness development corporation grant program to be administered by the corporation, the purpose of which is to provide financial support for agriculture-related improvements to existing and emerging farms and agribusiness operations.

LURF's Position. LURF members include farmers and ranchers who own, maintain, and engage in agricultural enterprises, and who consider such incentives and assistance very helpful, if not critical to the conduct of their operations and to help sustain their businesses.

As this Committee is aware, the unsustainable costs already cast upon land owners and agricultural stakeholders by various safety and security standards, programs and regulations are of serious concern, as the enactment of onerous regulations relating to maintenance and operation of water systems, infrastructure, as well as growing and

processing machinery and facilities are proving to be potentially counterproductive to the long-term objective of sustainable agriculture.

The purpose of this bill is consistent with the underlying intent and objectives of the IAL laws (Hawaii Revised Statutes [HRS], Sections 205-41 to 52), which were enacted to fulfill the mandate in Article XI, Section 3, of the Hawaii State Constitution, “to conserve and protect agricultural lands, promote diversified agriculture, increase agricultural self-sufficiency and assure the availability of agriculturally suitable lands.” The IAL laws established a new paradigm which avoids requirements and mandates, and instead focuses on promoting agricultural viability by providing incentives for farmers and landowners to designate lands as IAL, and to build necessary infrastructure. This bill is thus an effort to expand the existing IAL program by establishing additional incentives for landowners to preserve and maintain IAL.

As noted in HRS Section 205-41, the intent of Act 183 (2005) was to develop agricultural incentive programs to promote agricultural viability, sustained growth of the agricultural industry, and the long-term use and protection of important agricultural lands for agricultural use in Hawaii concurrently with the process of identifying important agricultural lands as required under the Act. Such incentives and programs are expressly identified in HRS 205-41, and specifically include assistance in identifying federal, state and private grant resources for agricultural business planning and operations; as well as incentives that promote investment in agricultural businesses or value-added agricultural development, and other agricultural financing mechanisms.

LURF appreciates the objective of SB 2085, which is to support agriculture and aid agriculture-related or agribusinesses operations, and believes that the bill is consistent with the purpose and intent of the IAL laws. Passage of the long-awaited IAL legislation would be meaningless without implementation of these incentives which require the cooperation and support of the business and economic community. The establishment of a grant program for those engaged, or desirous of engaging in, or expanding agriculture-related or agribusiness operations and activities is critically needed to help support viable agricultural activity in this State.

By recognizing the significance of, and need to assist the local agriculture industry, and implement incentives which help to support the growth and maintenance of agriculture in the State, this bill significantly helps to promote economically viable agriculture and food self-sufficiency in Hawaii.

Thank you for the opportunity to present testimony in support of this measure.



Email: communications@ulupono.com

SENATE COMMITTEE ON AGRICULTURE & ENVIRONMENT
Friday, February 2, 2018 — 1:15 p.m. — Room 224

Ulupono Initiative Supports SB 2085, Relating to Agriculture

Dear Chair Gabbard, Vice Chair Riviere, 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 supports SB 2085, which establishes a grant program administered by the Agribusiness Development Corporation to finance agriculture related improvements, because it aligns with our goal of creating more locally produced food.

Agriculture is one of Hawai'i's most important and yet most challenging industries. A critical challenge for our local farmers and ranchers is to obtain adequate funding. The grant funding in this bill will stimulate and increase new investment in Hawai'i's agricultural industry.

Farming and ranching require a number of costly expenditures to succeed. Some of these costs include rent, water infrastructure, farming equipment, labor expenses, production inputs like seeds, fertilizer, and feed, processing facilities, and marketing development.

With agricultural statistics showing a pronounced decrease in local farming and ranching, there will be an increasing need to find new investment to support a diversified agricultural base and to find meaningful employment for the many farm workers.

This bill would provide our local farmers and ranchers with necessary funding streams to stimulate and grow new investment in Hawai'i's agricultural industry. Ultimately, this will lead to more local food on our plates.

As investors, Ulupono looks for and is more likely to invest our private capital on farmers and ranchers with demonstrated funding streams from other sources. Therefore, this bill's

Investing in a Sustainable Hawai'i



grant funding with private sector contributions should incentivize even further financial investments in our local agricultural sector.

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

SB-2085

Submitted on: 2/1/2018 10:19:27 AM

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

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

Comments: