

DAVID Y. IGE
Governor

SHAN S. TSUTSUI
Lt. Governor



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

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

**JANUARY 29, 2018
1:15 P.M.
CONFERENCE ROOM 224**

**SENATE BILL NO. 2434
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
KUNOA CATTLE COMPANY LLC**

Chairperson Gabbard and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 2434, 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.



DAVID Y. IGE
GOVERNOR



LAUREL A. JOHNSTON
ACTING DIRECTOR

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 COMMITTEE ON AGRICULTURE AND ENVIRONMENT
ON
SENATE BILL NO. 2434

January 29, 2018
1:15 P.M.
Room 224

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

Senate Bill No. 2434 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.



January 29, 2018

Senator Mike Gabbard
Chair, Senate Committee on Agriculture & Environment
Hawaii State Capitol, Room 201
Honolulu, HI 96813

Aloha e Senator Gabbard:

We are writing in strong support of SB2434, 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 harvest and processing facility in Kapolei, HI (formerly, Hawaii Livestock Cooperative).

An essential part of our business model is aggregating from ranchers throughout 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



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

January 29, 2018

HEARING BEFORE THE
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

TESTIMONY ON SB 2434
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
KUNOA CATTLE COMPANY, LLC

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 interest of our diverse agricultural community.

HFB is in strong support of SB 2434, 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.



Hawaii Cattlemen's Council, Inc.

COMMITTEE ON AGRICULTURE AND ENVIRONMENT

Senator Mike Gabbard, Chair

Senator Gil Riviere, Vice Chair

DATE: Monday, January 29, 2018

TIME: 1:15 p.m.

PLACE: Conference Room 224

SB 2434 – 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 Gabbard, Vice Chair Riviere, 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** SB 2434 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 SB 2434 and we appreciate the opportunity to testify on this important matter.



SB-2434

Submitted on: 1/28/2018 12:16:35 PM

Testimony for AEN on 1/29/2018 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Lisa Wood	Hawaii Cattlemen's Council	Support	No

Comments: