

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 COMMITTEE ON FINANCE

Wednesday, March 28, 2018
2:00 P.m.

SENATE BILL NO. 2522 SD1 HD1
RELATING TO AGRICULTURE

Chairperson Luke 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. 2522 SD1 HD1 that establishes the agriculture accelerator program to authorize the agribusiness development corporation to provide moneys and invest in existing or new agriculture businesses approved by the board of directors of the ADC in return for equity in those agriculture businesses. It also establishes an agriculture accelerator special fund to provide funds for the agribusiness development corporation to provide moneys to and invest in agriculture businesses under the agriculture accelerator program.

The ADC believes that agriculture development requires consistent and strategic planning and implementation over a long period. The establishment of an agriculture accelerator program and special fund will provide ADC the necessary framework and dependable funding source to take a long-term view of the agriculture industry and the requirements needed to build a sustainable industry.

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

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 HOUSE COMMITTEE ON FINANCE

**MARCH 28, 2018
2:00 P.M.
CONFERENCE ROOM 308**

**SENATE BILL NO. 2522 SD1 HD1
RELATING TO AGRICULTURE**

Chairperson Luke and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 2522 SD1 HD1. This bill establishes the agriculture accelerator program to authorize the agribusiness development corporation to provide grants and invest in existing or new agriculture businesses approved by the board of agriculture in return for equity in those agriculture businesses. The Department supports this bill provided it does not impact the Department's priorities listed in the Executive Budget.

The work of ADC is critical in moving the State toward food security and self-sufficiency. This program helps Hawaii in its efforts to provide more local products for local consumption.

Thank you for the opportunity to testify on this measure.





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
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 2522, S.D. 1, H.D. 1

March 28, 2018

2:00 p.m.

Room 308

RELATING TO AGRICULTURE

Senate Bill No. 2522, S.D. 1, H.D. 1, establishes the Agriculture Accelerator Program and the Agriculture Accelerator Special Fund (AASF) to authorize the Agribusiness Development Corporation to provide funds and invest in new or existing agriculture businesses approved by the Board of Agriculture in return for equity in those agriculture businesses. The AASF would be funded by appropriations through the Legislature, grants, donations and any interest earned from the balance in the special fund.

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. 2522, S.D. 1, H.D. 1, it is difficult to determine if the proposed special fund would be self-sustaining.

Thank you for your consideration of our comments.



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

March 28, 2018

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON SB 2522, SD1, HD1
RELATING TO AGRICULTURE

Room 308
2:00 PM

Aloha Chair Luke, Vice Chair Cullen, 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.

HFB supports the intent of SB 2522, SD1, HD1, which establishes the agriculture accelerator program to authorize the agribusiness development corporation to provide moneys and invest in existing or new agriculture businesses approved by the board of directors of the ADC in return for equity in those agriculture businesses. It also establishes an agriculture accelerator special fund to provide funds for the agribusiness development corporation to provide moneys to and invest in agriculture businesses under the agriculture accelerator program.

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.

Hawaii's farmers and ranchers are finding it difficult to secure the financial support necessary to build capacity. The agriculture accelerator program 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 testify on this measure.

SB-2522-HD-1

Submitted on: 3/26/2018 9:54:11 PM

Testimony for FIN on 3/28/2018 2:00:00 PM

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

Comments:



LATE

KAMEHAMEHA SCHOOLS®

House Committee on Finance

Time: 2:00pm

Date: March 28, 2018

Where: Hawaii State Capitol, Room 308

TESTIMONY

By Dana Sato

Kamehameha Schools

RE: SB 2522 SD1 HD1, relating to agriculture.

E ka Luna Ho‘omalu Luke, ka Hope Luna Ho‘omalu Cullen, a me nā Lālā o kēia Kōmike, aloha! My name is Dana Sato and I serve as the O‘ahu Island Director of Asset Management for the Community Engagement and Resources Group of Kamehameha Schools.

We are writing to **support SB 2522 SD1 HD1**, which establishes the Agriculture Accelerator Program (Program) to authorize the Agribusiness Development Corporation (ADC) to invest in existing or new agriculture businesses approved by the Board of Directors of ADC in return for equity in those agriculture businesses and establishes an Agriculture Accelerator Special Fund to provide moneys that ADC may invest in agriculture businesses under the Program.

The Agriculture Accelerator and its accompanying special fund is an essential catalyst for farmers and ranchers to accelerate their products and services time to market and uncover new business opportunities. In order for Hawai‘i to realize a significant increase in food production and growth of the agricultural industry in the state, access to capital for new and existing businesses is key to their success.

Kamehameha Schools (KS) believes in the importance of agriculture and the investment in local farmers and ranchers. We are committed for the long term to cultivating food that would enhance our independence from the importation of life-supporting goods and services. KS has invested \$22 million dollars in infrastructure improvements, to help farmers increase food production on KS agricultural lands, but we recognize that we cannot do it alone. Today, we are currently managing over 800 agreements in agriculture, to ensure we are working with our community toward a better system.

To change the trajectory of our food import dependence, it is critical that we work together to create the systems of support for farmers and ranchers to grow, scale and develop new innovations for their businesses here in the islands.

Founded in 1887, Kamehameha Schools is an organization striving to advance a thriving Lāhui where all Native Hawaiians are successful, grounded in traditional values, and leading in the local and global communities. We believe that community success is individual success, Hawaiian culture-based education leads to academic success and local leadership drives global leadership.

‘A‘ohe hana nui ke alu ‘ia. No task is too large when we all work together! Mahalo nui.