

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 JAMES J. NAKATANI
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

**BEFORE THE COMMITTEES ON AGRICULTURE AND ECONOMIC DEVELOPMENT &
BUSINESS**

Wednesday, March 21, 2018
10:30 a.m.

SENATE BILL NO. 2522 SD1
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 strongly supports Senate Bill No. 2522 SD1 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.

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

**BEFORE THE HOUSE COMMITTEES ON AGRICULTURE AND ECONOMIC
DEVELOPMENT & BUSINESS**

**MARCH 21, 2018
10:30 A.M.
CONFERENCE ROOM 309**

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

Chairperson Creagan, Chairperson Evans and Members of the Committees:

Thank you for the opportunity to testify on Senate Bill No. 2522 SD1. 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 COMMITTEES ON AGRICULTURE AND
ECONOMIC DEVELOPMENT & BUSINESS
ON
SENATE BILL NO. 2522, S.D. 1

March 21, 2018
10:30 a.m.
Room 309

RELATING TO AGRICULTURE

Senate Bill No. 2522, S.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, it is difficult to determine if the proposed special fund would be self-sustaining.

Thank you for your consideration of our comments.



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March 21, 2018

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

TESTIMONY ON SB 2522, SD1
RELATING TO AGRICULTURE

Room 309
10:30 AM

Aloha Chair Creagan, Chair Evans, Vice Chair DeCoite, Vice Chair Keohokalole, and Members of the Committees:

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, 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-SD-1

Submitted on: 3/16/2018 8:45:47 PM

Testimony for AGR on 3/21/2018 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Mele Kalama-Kingma | Mamalani | Support | No |

Comments:

Aloha,

I am a Native Hawaiian owned business in which we manufacture wellness body products for the community using local agricultural ingredients from Hawaii and Oahu. Examples of such agricultural plants are Tumeric, Sandalwood, Lemongrass, Eucalyptus, Taro (Kalo), Beeswax, Vanilla, among many others. A special agricultural accelerator program would hugely benefit not only my company, but also our entire Hawaiian community. Mahalo.

Smart Yields

Ryan Ozawa, Co-Founder & CMO
Impact Hub Honolulu
1050 Queen St.
Honolulu, HI 96814
ryan.ozawa@smartyields.com



19th February 2018

Rep. Richard P. Creagan, Chair; Rep. Lynn DeCoite, Vice Chair,
Members of the House Committee on Agriculture; and

Rep. Cindy Evans, Chair; Rep. Jarrett Keohokalole, Vice Chair; and
Members of the House Committee on Economic Development &
Business:

Smart Yields supports Senate Bill 2522, to establish an agriculture
accelerator program.

As a Hawaii-born ag tech startup, Smart Yields has benefited greatly
from local tech accelerator programs. We also helped design the state's
first agricultural hackathon, the AGathon, earlier this year -- an important
first step to bring the ag and tech industries into greater alignment.

Further, Smart Yields has seen first hand the benefits that hackathons
bring to Hawaii entrepreneurial, technology, and business communities,
including growing our company by hiring full-time talent discovered at
two recent hackathons.

Hawaii must continue to support the incredible progress it has made in
ag tech and agricultural innovation, as well as in fostering greater
interest and broader participation in hackathons. By supporting an
agriculture accelerator special fund, you will continue to fuel innovative
thinking, new perspectives, and collaboration... thereby paving the way
to a sustainable future.

Mahalo for your consideration!

SB-2522-SD-1

Submitted on: 3/20/2018 9:59:49 AM

Testimony for AGR on 3/21/2018 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------|--|--------------------|--------------------|
| Melodie Aduja | Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i | Support | No |

Comments:

To the Honorable Richard P. Creagan, Chair; the Honorable Lynn DeCoite, Vice-Chair, and Members of the House Committee on Agriculture:

To the Honorable Cindy Evans, Chair; the Honorable Jarrett Keohokalole, Vice-Chair, and Members of the House Committee on Economic Development & Business:

Good morning, my name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") on Legislative Priorities of the Democratic Party of Hawai'i. Thank you for the opportunity to provide written testimony on **SB2522 SD1**, relating to Agriculture; Agribusiness Development Corporation; and a Special Fund.

The OCC Legislative Priorities Committee is in favor of **SB2522 SD1** and support its passage.

SB2522 SD1 is in accord with the Platform of the Democratic Party of Hawai'i ("DPH") as it establishes the agriculture accelerator program to authorize the agribusiness development corporation to invest in existing or new agriculture businesses approved by the board of directors of the ADC in return for equity in those agriculture businesses; and establishes an agriculture accelerator special fund to provide moneys that the agribusiness development corporation may invest in agriculture businesses under the agriculture accelerator program.

Specifically, the Platform of the Democratic Party of Hawai'i states, "[a]griculture in our state must be preserved and its future strengthened. Sufficient prime agricultural lands must be maintained for the health, economic well-being and sustenance of the people. We believe in an integrated approach to agricultural innovation and sustainability.

As an island state, securing affordable food for all is a priority. We support assure greater food security and food safety.

We support land use planning and infrastructure development to support sustainable diversified agriculture, including low-cost inter-island transportation of agricultural products. We, likewise, support publicly funded research and development for agricultural diversification and value-added products.

We support the designation of Important Agricultural Lands as a step

towards preserving high-grade production lands for current and future needs. (Platform of the DPH, P. 2, Lines 76-78, 97-99, 104-110 , (2016)).

Given that **SB2085 SD2** establishes the agriculture accelerator program to authorize the agribusiness development corporation to invest in existing or new agriculture businesses approved by the board of directors of the ADC in return for equity in those agriculture businesses; and establishes an agriculture accelerator special fund to provide moneys that the agribusiness development corporation may invest in agriculture businesses under the agriculture accelerator program, 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, Text/Tel.: (808) 258-8889

SB-2522-SD-1

Submitted on: 3/15/2018 10:43:22 PM

Testimony for AGR on 3/21/2018 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| maya otsu | Individual | Support | No |

Comments:

Mike Gabbard

Chair of Committee on Agriculture and Environment

Bill SB2522

Wednesday, March 21, 2018

10:40 AM House conference room 309

Hello, my name is Maya Otsu and I am a senior at Mililani High School. I am testifying in favor of bill number SB2522 whose intent is to provide creative means of finance for agriculture businesses in Hawaii by establishing an accelerator program and fund.

I support the idea of expanding agriculture business locally in order to help Hawaii's economy. In order to expand business, I think that it is necessary to establish an agriculture acceleration program to assist local farming operations. It is the first step to a bigger picture in moving forward in Hawaii's agriculture industry. Hawaii was once abundant in agriculture lands and the Hawaiians once lived off of what they had within our island. Now, almost 80% of our foods are imported. Establishing an accelerator programs and issuing grants to agriculture companies can help Hawai'i businesses expand and create partnerships and a more steady line of work. Increasing production of local agriculture can save a lot of money and oil that would usually be used to import goods over. It would also help to encourage the public to buy locally and support local businesses. My school is currently a part of the "Farm to School" pilot program, where school lunches provided on Wednesdays are made with locally grown produce and meat.

Actions like these not only educate the public of eating locally but also increase uses of local agriculture.

For this reason, I think that it is necessary to establish and provide funds in order to expand Hawaii's agricultural businesses, which is why Bill SB2522 has my full support. Thank you very much for your time and consideration.

Maya Otsu

maya.otsu@gmail.com

LATE

SB-2522-SD-1

Submitted on: 3/20/2018 1:48:27 PM

Testimony for AGR on 3/21/2018 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------------|---------------------------|---------------------------|
| Dale Sandlin | Hawaii Cattlemens Council | Support | Yes |

Comments: