

**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  
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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. 3087 SD2 HD1  
RELATING TO THE AGRIBUSINESS DEVELOPMENT FUND

Chairperson Luke and Members of the Committee:

My name is James Nakatani, Executive Director of the Agribusiness Development Corporation ("ADC"). Notwithstanding the benefit that a market study would provide to the local papaya industry, the ADC respectfully opposes Senate Bill 3087 SD2 HD1 which also requests the Auditor to conduct a management and financial audit of the Agribusiness Development Corporation.

The ADC is a State agency attached to the Hawaii Department of Agriculture. It is not like a department or even a division of a department. The agency currently has a staff of four at its main office. Because of its size, in addition to their respective responsibilities, each staff cross-trains and assists each other with whatever action demands their attention on any given day. These four manage and oversee all of ADC's infrastructure improvement and maintenance, research and development projects, and leased lands and dam safety. They prepare for and attend ADC's monthly board meetings and diligently do all things required of them by their board. They conduct

ADC's land and asset acquisitions including all due diligence required. ADC does not have the personnel to accommodate an audit. An audit would be too onerous at this time for an agency the size of ADC due to the amount of time and attention it will require.

Secondly, other measures that require the Auditor to conduct an audit typically include statements and findings of inadequacy or a lack of information followed by the reasons an audit would assist or benefit the legislature or the state, this bill offers no rationale or findings that would prompt an investigation.

Lastly, the ADC is administratively attached to the Hawaii Department of Agriculture and therefore, all financial encumbrances and expenditures are administered and disclosed by the department. For these reasons, the ADC respectfully asks the committee to hold this bill.

Thank you for the opportunity to testify.

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**  
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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. 3087 SD2 HD1  
RELATING TO THE AGRIBUSINESS DEVELOPMENT CORPORATION**

Chairperson Luke and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 3087 SD2 HD1, which provides funds through the Agribusiness Development Corporation (ADC) to the USDA Pacific Basin Agricultural Research Center to identify factors that affect the quality of local papaya and to develop and establish protocols to enhance the marketability of the Hawaiian papaya. Part 2 of this measure requires the State Auditor to conduct a management and financial audit of the ADC. While the Department supports part 1 of the bill, we oppose the measure's part 2.

The Department believes that the ADC can hedge private sector investments to develop technologies or standards and protocols to support the marketability expansion of Hawaiian papaya. Providing post-harvesting and processing technologies will directly support the papaya industry in the State of Hawaii.

The ADC has many responsibilities and needs the time and resources to concentrate on its important work which includes but is not limited to infrastructure improvements and maintenance, research and development opportunities, management of leased land, and land and asset acquisitions and all due diligence required. The attached agency has limited employees to do all this work and an audit would hinder the agency's ability to carry out its important State work.

Thank you for the opportunity to testify on this measure.





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March 28, 2018

HEARING BEFORE THE  
HOUSE COMMITTEE ON FINANCE

**TESTIMONY ON SB 3087, SD2, HD1**  
RELATING TO THE AGRIBUSINESS DEVELOPMENT CORPORATION

Room 208  
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.

**The Hawaii Farm Bureau supports PART 1 of SB 3087, SD2, HD1**, which appropriates moneys to the Agribusiness Development Corporation (ADC) to fund the federal Pacific Basin Agricultural Research Center efforts to address issues and concerns of the Hawaii Papaya Industry Association.

Papaya is one of Hawaii's signature crops. The papaya plant is grown in every tropical and subtropical country and ranks highest in potential health benefits among various fruits due to its high concentrations of certain nutrients including carotenoids, potassium, fiber, and ascorbic acid content. With such an impressive nutrient content and potential for positive health benefits, there should be an overwhelming demand for a papaya, especially Hawaii papaya, available across the world.

HFB believes that the papaya industry capacity is underutilized. Fresh whole papaya fruit does not transport well; bruising due to a soft skin, a short shelf life, and potential chill injury do not allow for (or make very costly) shipments from Hawaii to travel beyond the west coast of the continental US.

HFB believes that the ADC can help identify the appropriate technology and the standards or protocols needed to support the continued growth of Hawaii's iconic papaya industry.

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



Hawaii Papaya Industry Association

190 Kamehameha Ave, Room 1

Hilo, Hawaii 96720

Hawaii State Legislators,  
RE SB3087

Dear Legislators:

Hawaii grown papaya is the best tasting papaya in the world. Quality issues often interfere with our mainland customers enjoying the same wonderful eating experience as our local population.

The Rainbow papaya is nearing the final stages of deregulation in China, which will open the market for Hawaiian papaya to millions of consumers in China. In preparation for sales to China this bill is needed.

The Hawaii Papaya Industry Association supports SB3087 to document the specific causes of quality problems in Hawaii grown papaya sent to export markets. Understanding where the specific breakdown in quality occurs during the whole process is essential. We cannot fix the problems until we can isolate the cause.

The HPIA encourages the ADC and PBARC to work with its member exporters to follow the flow of fruit from Hawaii fields, through the treatment and packing process, to our customers to identify the problems and areas needing attention, improvement and further research.

Our Association is a State wide organization of papaya growers producing over 15 million pounds of Hawaii grown papaya. We sell locally, to the Mainland US and to foreign markets.

Sincerely,

Eric Weinert  
President, HPIA