

DAVID Y. IGE
Governor

DOUGLAS S. CHIN
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

Wednesday, March 21, 2018
8:45 a.m.

SENATE BILL NO. 3087 SD2 PROPOSED HD1
RELATING TO THE AGRIBUSINESS DEVELOPMENT CORPORATION

Chairperson Creagan 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 this form of Senate Bill No. 3087 SD2 Proposed HD1 which also requires 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
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**TESTIMONY OF SCOTT E. ENRIGHT
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE HOUSE COMMITTEE ON AGRICULTURE

**MARCH 21, 2018
8:45 A.M.
CONFERENCE ROOM 312**

**SENATE BILL NO. 3087 SD2 Proposed HD1
RELATING TO THE AGRIBUSINESS DEVELOPMENT CORPORATION**

Chairperson Creagan and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 3087 SD2, which provides funds for the Agribusiness Development Corporation (ADC) 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. The Department opposes the bill in its proposed form and requests the bill return to its SD2 version.

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.



Harry Kim
Mayor



Wil Okabe
Managing Director

Barbara J. Kossow
Deputy Managing Director

County of Hawai'i
Office of the Mayor

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March 12, 2018

Representative Richard P. Creagan, Chair
Committee on Agriculture
Hawai'i State Capitol, Room 312
Honolulu, HI 96813

Dear Chair Creagan and Committee Members:

Re: SB 3087, SD 2 Relating to Assisting the Papaya Industry
Hearing Date: 03-14-18 – 8:30 am; House Conference Room 312

Thank you for this opportunity to support SB 3087, SD 2.

The papaya industry has been of great value in Hawai'i County, particularly in the Puna District. It is our #3 edible product, behind only coffee and macadamia nuts.

However, papaya has faced its share of economic problems. Considerable damage was done by Hurricane Iselle, and production is slowly recovering. Your assistance in funding research that could improve the product and enhance its commercial viability would certainly be welcomed.

Part of the focus of SB 3087, as originally written, was on Solo papaya. My experts tell me that the production of the Solo variety (non-GMO) has been greatly reduced because of the Papaya Ringspot Virus. The Rainbow and SunUp varieties are now the major ones (both are genetically modified). So to maximize the benefit of SB 3087, it is appropriate to direct the research to the industry as a whole.

I hope you will move forward with SB 3087 SD 2.

Respectfully submitted,

Harry Kim
Mayor, County of Hawai'i



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March 21, 2018

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE

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

Room 312
8:30 AM

Aloha Chair Creagan, Vice Chair DeCoite, 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 3087, SD2, which appropriates funds to the Agribusiness Development Corporation to identify factors that affect the quality of local papaya and to develop and establish protocols to enhance the marketability of Hawaiian papayas.

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.