

**DAVID Y. IGE**  
Governor

**JOSH GREEN**  
Lt. Governor



**PHYLLIS SHIMABUKURO-GEISER**  
Acting Chairperson  
Board of Agriculture

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

TESTIMONY OF THE DEPARTMENT OF AGRICULTURE  
BEFORE THE HOUSE COMMITTEE ON AGRICULTURE

FEBRUARY 8, 2019  
11:00 A.M.  
CONFERENCE ROOM 312

HOUSE BILL NO. 530  
RELATING TO AGRICULTURE

Chairperson Creagan and Members of the Committee:

Thank you for the opportunity to present testimony on House Bill 530. This bill establishes linked investments to provide loan funds for agriculture and authorizes the State to invest in linked investments. The Department of Agriculture supports the intent of the bill provided it does not impact the department's priorities listed in the Executive Budget and offers the following comments.

The Department supports the concept of making additional funds available for agriculture but feels that available capital is not an issue for financial institutions. The Department would also note that during times of natural disasters, commercial lenders are often hesitant to make loans and it is often the mission of government lenders. Having a robust state agricultural lending program would be able to address this need.

Thank you for the opportunity to testify on this measure.



**HB-530**

Submitted on: 2/6/2019 1:43:49 PM

Testimony for AGR on 2/8/2019 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Karen Winslow	Hawaii Farmers Union	Support	No

Comments:



## **O`ahu County Committee on Legislative Priorities (OCCLP)**

COMMITTEE ON AGRICULTURE  
Rep. Richard P. Creagan, Chair  
Rep. Lynn DeCoite, Vice Chair

DATE: Friday, February 8, 2019

TIME: 11:00 a.m.

PLACE: Conference Room 312 State Capitol

RE: HB 530 Relating to Management of State Funds

To the Honorable Richard P. Creagan, the Honorable Lynn DeCoite, and Members of the Committee on Agriculture:

The O`ahu County Committee on Legislative Priorities (OCCLP) of the Democratic Party of Hawai`i (DPH) hereby submits its testimony in **SUPPORT of HB 530 relating to Management of State Funds.**

HB 530 establishes linked investments to provide loan funds for agriculture and authorizes the State to invest in linked investments.

Agriculture 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. DPH believes in an integrated approach to agricultural innovation and sustainability. DPH encourages the responsible development of ocean resources and aquaculture to achieve sustainability in our State of our marine resources an ensure and improve the health of our reef and marine life.

This approach includes, but is not limited to, the adoption of the Native Hawaiian concept of ahupua`a, an integrated approach to land management. This could also include development of economic, land and ocean use policies that foster sustainable crops both for local consumption and for export, polices to foster agriculture-related infrastructure at shipping points, and increased inspection to protect against invasive species and to encourage reduced holding times.

We need to ensure food safety, strive towards food security and strive to set the highest standards for food quality and nutrition. *Democratic Party of Hawai'i Platform (2018), p. 9, ln. 5-16.*

For the foregoing reasons, i.e., to support the development of economic, land and ocean use policies that foster sustainable crops both for local consumption and for export, OCCLP supports HB 530 and urges its passage out of the Committee on Agriculture.

Mahalo nui loa

Me ka `oia`i`o

/s/ Melodie Aduja

Melodie Aduja

Chair, O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i

Ph. (808) 258-8889

Email: legislativepriorities@gmail.com

DAVID Y. IGE  
GOVERNOR



RODERICK K. BECKER  
DIRECTOR

ROBERT YU  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**

TESTIMONY BY RODERICK K. BECKER  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON AGRICULTURE  
ON  
HOUSE BILL NO. 530

**LATE**

**February 8, 2019**  
**11:00 A.M.**  
**Conference Room 312**

**RELATING TO MANAGEMENT OF STATE FUNDS**

House Bill No. 530 proposes to amend Chapter 36, HRS, relating to the Management of State Funds. The bill proposes establishment of a Linked Investment Program to support loans relating to Agriculture in Hawai'i.

The Department offers the following comments on the Bill and requests clarification of the following:

1. Whether the certificate of deposit (CD) placed with an eligible lending institution, upon approval of a linked investment loan package, would be at risk of loss should the loan default. The State should not be at risk for any loan defaults and we recommend that the banks have sole responsibility for establishing the loan program underwriting and approval guidelines.
2. Who can exercise option to extend the CD for renewal for eight additional one-year periods. Section 36-21(a), HRS, limits the term of the State's investments to five years.

In addition, we are requesting the following amendments to the bill:

1. Section 2, item (e) of the Bill provides for up to 10% of the money available in the state treasury under Section 38-2, HRS, may be invested for the linked investment program. We recommend a specific dollar amount commitment to the program be established instead as the amount of excess funds may vary on a daily basis.
2. Section 3 of the Bill proposes amending Section 36-21 (a), HRS, which specifies the types of authorized investments, by adding item "(16) Linked investments...". We recommend revising this to "(16) Certificates of Deposit related to linked investments pursuant to section 36-...", as linked investments are not technically a type of investment.

Thank you for your consideration of our comments.

**LATE**

**HB-530**

Submitted on: 2/8/2019 9:53:35 AM  
Testimony for AGR on 2/8/2019 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
De MONT R. D. CONNER	Ho'omanapono Political Action Committee (HPAC)	Support	Yes

Comments:

WE STRONGLY SUPPORT THIS BILL.