
A BILL FOR AN ACT

RELATING TO AGRICULTURE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that attracting farmers
2 to agriculture in Hawaii is challenging due to a number of
3 factors including the lack of experience of potential farmers,
4 cost of land and equipment, and regulatory environment. The
5 regulatory environment for agriculture, including the U.S.
6 Department of Agriculture Good Agricultural Practices and Good
7 Handling Practices audits; and the Food Safety Modernization
8 Act, increases expenses for small farmers that minimizes their
9 economic success. According to the U.S. Department of
10 Agriculture 2017 Census of Agriculture (Census), of the 7,328
11 farms in Hawaii, the greatest increase in the number of farms
12 came in small farms from one to nine acres. A successful
13 commercial farm is dependent on the scale of the operation, and
14 scale is a function of the value of the crop and the cost of
15 production. The long-term success of small farms in Hawaii
16 depends on their economic viability, and Hawaii agriculture is
17 dominated by small farms.



1 The legislature further finds that one way to overcome
2 these economic and demographic challenges facing Hawaii's
3 agricultural community is through the development and success of
4 agricultural cooperatives. Agricultural cooperatives benefit
5 from the often-required economy of scale by lowering the costs
6 of inputs such as fertilizer and seeds. These cooperatives can
7 lower the individual farm cost for services such as
8 transportation, storage, distribution, and marketing. Equipment
9 can be shared, thus lowering the cost per farm, and allowing
10 availability of equipment that might otherwise not be
11 economically possible for a small farm. According to the
12 National Council of Farmer Cooperatives, agricultural
13 cooperatives currently support about two thousand five hundred
14 jobs nationwide with a total payroll of over \$8,000,000,000.
15 According to the Census, the average age of Hawaii farmers is
16 60.1 years, indicating that the future of farming in Hawaii is
17 dependent on attracting younger people to the field.

18 The legislature also finds that there are four general
19 types of agricultural cooperatives. Type 1 is the farmer's
20 cooperative where individual farmers come together for common
21 objectives such as contract farming, marketing, distribution,



1 and buying power. Type 2 cooperatives are consumer cooperatives
2 where customers own and govern the farm such as community
3 supported agriculture production systems. Type 3 cooperatives
4 are workers' cooperatives, or worker owned farms, which is of
5 particular interest for beginning farmers. The individuals in
6 these cooperatives, while interested in the prospect of farming,
7 lack land, the skills that experience brings, and the capital to
8 start a farm of their own. Costs are shared among the joint
9 owners (renters), and by working as a group, experiences are
10 gained and shared, and the individuals become prepared to
11 eventually go out on their own, if desired. The Type 4
12 cooperative is the supply cooperative that tends to be general
13 store based and supplies materials to member farmers at a better
14 price than farmers can get on their own. The number of
15 successful cooperatives that exist in Hawaii is limited, and
16 cooperatives have a storied history of success and failure.
17 Failure is often attributed to how the cooperative is organized
18 and operated.

19 The purpose of this Act is to appropriate funds to
20 establish a full-time extension agent in the University of
21 Hawaii college of tropical agriculture and human resources to



1 provide expertise to the Hawaii agriculture community for the
2 education, development and operation of agricultural
3 cooperatives with the goals of:

- 4 (1) Developing successful cooperatives in Hawaii;
- 5 (2) Providing a better environment to attract young
6 farmers into agriculture, and
- 7 (3) Making small farms in Hawaii commercially competitive
8 and economically solvent.

9 SECTION 2. There is appropriated out of the general
10 revenues of the State of Hawaii the following sums or so much
11 thereof as may be necessary for fiscal year 2020-2021 to carry
12 out the purpose of this Act as follows:

- 13 (1) \$90,000 for the establishment of one full-time
14 equivalent (1.00 FTE) permanent extension agent
15 position within the University of Hawaii college of
16 tropical agriculture to assist with the development
17 and operation of agricultural cooperatives; and

- 18 (2) \$50,000 for startup costs for the development and
19 operation of agricultural cooperatives;

20 provided that in developing the agricultural cooperatives, the
21 extension agent shall take into account the four general types



1 of cooperatives; provided further that the extension agent shall
2 work and collaborate with existing agencies and interested
3 stakeholders statewide to increase the number of small farms in
4 the State.

5 The sums appropriated shall be expended by the University
6 of Hawaii college of tropical agriculture and human resources
7 for the purposes of this Act.

8 SECTION 3. This Act shall take effect on July 1, 2020.

9

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H.B. NO. 2158

Report Title:

Agricultural Cooperatives; UH Manoa; Extension Agent;
Appropriation

Description:

Appropriates funds to establish 1 permanent FTE extension agent at the University of Hawaii College of Tropical Agriculture and Human Resources.

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