

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Acting Chairperson
Board of Agriculture

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

FEBRUARY 20, 2019
2:00 P.M.
CONFERENCE ROOM 308

HOUSE BILL NO. 530 HD1
RELATING TO AGRICULTURE

Chairperson Luke and Members of the Committee:

Thank you for the opportunity to present testimony on House Bill 530 HD1. This bill establishes linked investments to provide loan funds for agriculture and authorizes the State to invest in linked investments. The Department of Agriculture 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.



DAVID Y. IGE
GOVERNOR



RODERICK K. BECKER
DIRECTOR

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WRITTEN ONLY

TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 530, H.D. 1

February 20, 2019
2:00 P.M.
Conference Room 308

RELATING TO MANAGEMENT OF STATE FUNDS

House Bill No. 530, H.D. 1, 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, as noted in HSCR 720, 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.

HB-530-HD-1

Submitted on: 2/19/2019 12:12:44 PM

Testimony for FIN on 2/20/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i	Support	No

Comments: