

Senate Committee on Agriculture and Environment
Wednesday, February 5, 2020 at 1:15 p.m. in Conference Room 224

RE: SB 2712 – Relating to Agriculture – In Support

To Chair Gabbard, Vice Chair Ruderman, and members of the Committee:

Hawaii Small Business Development Center, East Hawaii strongly supports SB 2712, which updates existing state laws on agricultural cooperative associations and consumer cooperative associations.

Enacted in 1949, Hawai'i's Agricultural Cooperative Associations Act is based on the Uniform Agricultural Cooperative Associations Act. Hawai'i's Consumer Cooperative Associations Act was enacted in 1982.

The proposed updates are informed by recent research conducted by The Kohala Center, the only cooperative development center in the State of Hawai'i. SB 2712 includes the following updates to Hawai'i's Agricultural Cooperative Associations Act; an asterisk indicates the update will also be applied to Hawai'i's Consumer Cooperative Associations Act:

- 1) Expand the definition of a "person" (HRS 421-1) to include individuals, partnerships, corporations, limited liability companies, and associations, *sacred species and natural ecosystems*.
- 2) Allow a cooperative to be formed for the purpose of leasing land to its members (HRS 421-2)
- 3) Provide for a greater voice for co-op members in important policy matters by allowing members to adopt a referendum provision (421-17)*
- 4) Allow a cooperative to accept labor and services from volunteers (421-26)
- 5) Allow a cooperative to operate as an agent to sell the products of its members or nonmember patrons on a nonprofit basis.*
- 6) Allow a an agricultural cooperative to utilize a newly formed General Cooperative Statute (proposed SB2738) (HRS 421-28)*

Updates to these acts will allow for expanded lawful practices within cooperatives that provide additional benefit for cooperative member businesses and align with proposed Senate Bill 2738 that creates a General Cooperative Statute for cooperatives forming in the State of Hawai'i.

For these reasons, we respectfully request your support of SB 2712. Thank you for the opportunity to submit testimony.

Sincerely,

Judi Mellon, PhD, Director, Small Business Development Center, East Hawaii
jmellon@hisbdc.org 808-933-0776

SB-2712

Submitted on: 2/3/2020 8:04:34 PM

Testimony for AEN on 2/5/2020 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara Barry	Individual	Support	No

Comments:

SB-2712

Submitted on: 2/3/2020 11:46:08 PM

Testimony for AEN on 2/5/2020 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer Azuma Chrupalyk	Individual	Support	No

Comments:

Senate Committee on Agriculture and Environment
Wednesday, February 5, 2020 at 1:15 p.m. in Conference Room 224

RE: SB 2712 – Relating to Agriculture – In Support

To Chair Gabbard, Vice Chair Ruderman, and members of the Committee:

I strongly support SB 2712, which updates existing state laws on agricultural cooperative associations and consumer cooperative associations.

I have been working in small communities in the United States and the Philippines for the last 17 years providing services in rural economic development. Through this work I have realized the value of collaborative business models to create economically viable businesses, particularly where entrepreneurs are challenged by high operating costs and economies of scale. In Hawai‘i specifically, the costs of operating businesses are high due to our geographic isolation; for example, owners see increased costs in terms of building, agricultural inputs, packaging, machinery, and labor. The cooperative business model therefore provides an avenue for small businesses to come together to obtain an economic benefit that might mean the difference between the success and the failure of their business.

Over the last 8 years in my position at The Kohala Center I have worked with over 10 cooperatives operating across the state. I have heard elected officials tell co-op members at annual meetings that *cooperatives are the future*. I have seen cooperatives struggle with both business and interpersonal issues, as farmers are not typically known for their willingness to work together and speak out on their behalf. However, I have more so witnessed the pride and hope experienced by farmers tackling together an overarching challenge to increase their bottom line or make producing crops a bit easier. And over the last two years as older farmers approach retirement, I have seen cooperatives as a venue for retiring and beginning farmers to come together, share stories about place and ‘āina, and transition farmland from one generation to the next through business sales and land leases. I also see cooperatives as the future for many of Hawai‘i’s commercial producers.

Enacted in 1949, Hawai‘i’s Agricultural Cooperative Associations Act is based on the Uniform Agricultural Cooperative Associations Act. Hawai‘i’s Consumer Cooperative Associations Act was enacted in 1982. The proposed updates are informed by recent research conducted by The Kohala Center, the only cooperative development center in the State of Hawai‘i. SB 2712 includes the following updates to Hawai‘i’s Agricultural Cooperative Associations Act; an asterisk indicates the update will also be applied to Hawai‘i’s Consumer Cooperative Associations Act:

- 1) Expand the definition of a “person” (HRS 421-1) to include individuals, partnerships, corporations, limited liability companies, and associations, *sacred species and natural ecosystems*.
- 2) Allow a cooperative to be formed for the purpose of leasing land to its members (HRS 421-2)

- 3) Provide for a greater voice for co-op members in important policy matters by allowing members to adopt a referendum provision (421-17)*
- 4) Allow a cooperative to accept labor and services from volunteers (421-26)
- 5) Allow a cooperative to operate as an agent to sell the products of its members or nonmember patrons on a nonprofit basis.*
- 6) Allow an agricultural cooperative to utilize a newly formed General Cooperative Statute (proposed SB2738) (HRS 421-28)*

In Hawai‘i the cooperative business model is a model for the future. As Hawai‘i’s small businesses and cooperatives continue to evolve to take advantage of new markets, both globally and locally, it is important that we continue to update Hawai‘i state statutes that allow for positive and efficient cooperative business—socially, culturally, ecologically, and economically.

Updates to these acts will allow for expanded lawful practices within cooperatives that provide additional benefit for cooperative member businesses and align with proposed Senate Bill 2738 that creates a General Cooperative Statute for cooperatives forming in the State of Hawai‘i.

For these reasons, I respectfully request your support of SB 2712. Thank you for the opportunity to submit testimony.

Sincerely,



Nicole Milne
Hāmākua District resident
Vice President of Food and Agriculture Initiatives, The Kohala Center

SB-2712

Submitted on: 2/4/2020 1:02:11 PM

Testimony for AEN on 2/5/2020 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kendyll	Individual	Support	No

Comments:

SB-2712

Submitted on: 2/4/2020 1:10:46 PM

Testimony for AEN on 2/5/2020 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dana Shapiro	Individual	Support	No

Comments:

Senate Committee on Agriculture and Environment

Wednesday, February 5, 2020 at 1:15 p.m. in Conference Room 224

RE: SB 2712 – Relating to Agriculture – In Support

To Chair Gabbard, Vice Chair Ruderman, and members of the Committee:

Hawaii Ulu Cooperative strongly supports SB 2712, which updates existing state laws on agricultural cooperative associations and consumer cooperative associations.

Enacted in 1949, Hawai'i's Agricultural Cooperative Associations Act is based on the Uniform Agricultural Cooperative Associations Act. Hawai'i's Consumer Cooperative Associations Act was enacted in 1982.

The proposed updates are informed by recent research conducted by The Kohala Center, the only cooperative development center in the State of Hawai'i. SB 2712 includes the following updates to Hawai'i's Agricultural Cooperative Associations Act; an asterisk indicates the update will also be applied to Hawai'i's Consumer Cooperative Associations Act:

1. Expand the definition of a “person” (HRS 421- to include individuals, partnerships, corporations, limited liability companies, and associations, *sacred species and natural ecosystems*.

1. Allow a cooperative to be formed for the purpose of leasing land to its members (HRS 421-

1. Provide for a greater voice for co-op members in important policy matters by allowing members to adopt a referendum provision (421-17)*

1. Allow a cooperative to accept labor and services from volunteers (421-26)

1. Allow a cooperative to operate as an agent to sell the products of its members or nonmember patrons on a nonprofit basis.*

1. Allow a an agricultural cooperative to utilize a newly formed General Cooperative Statute (proposed SB2738) (HRS 421-28)*

Updates to these acts will allow for expanded lawful practices within cooperatives that provide additional benefit for cooperative member businesses and align with proposed Senate Bill 2738 that creates a General Cooperative Statute for cooperatives forming in the State of Hawai'i.

For these reasons, we respectfully request your support of SB 2712. Thank you for the opportunity to submit testimony.

Sincerely,

Dana Shapiro

SB-2712

Submitted on: 2/4/2020 1:15:22 PM

Testimony for AEN on 2/5/2020 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Janel Yamamoto	Individual	Support	No

Comments:

RE: SB 2712 – Relating to Agriculture – In Support

To Chair Gabbard, Vice Chair Ruderman, and members of the Committee:

As a Cooperative Business Developer, I write in support of SB 2712, which updates existing state laws on agricultural cooperative associations and consumer cooperative associations.

Enacted in 1949, Hawai‘i’s Agricultural Cooperative Associations Act is based on the Uniform Agricultural Cooperative Associations Act. Hawai‘i’s Consumer Cooperative Associations Act was enacted in 1982.

The proposed updates are informed by recent research we conducted with Hawai‘i’s Cooperatives and highlight specific request for changes in the current statute. SB 2712 includes the following updates to Hawai‘i’s Agricultural Cooperative Associations Act; an asterisk indicates the update will also be applied to Hawai‘i’s Consumer Cooperative Associations Act:

- 1) Expand the definition of a “person” (HRS 421-1) to include individuals, partnerships, corporations, limited liability companies, and associations, *sacred species and natural ecosystems*.
- 2) Allow a cooperative to be formed for the purpose of leasing land to its members (HRS 421-2)
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- 6) Allow a an agricultural cooperative to utilize a newly formed General Cooperative Statute (proposed SB2738) (HRS 421-28)*

Updates to these acts will allow for expanded lawful practices within cooperatives that provide additional benefit for cooperative member businesses and align with proposed Senate Bill 2738 that creates a General Cooperative Statute for cooperatives forming in the State of Hawai‘i.

For these reasons, we respectfully request your support of SB 2712. Thank you for the opportunity to submit testimony.

Sincerely,



Teresa Young

Cooperative Business Developer