

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

LATE

RE: SB 2738 – Relating to Agriculture – In Support

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

Hawai'i Small Business Development Center (SBDC), East Hawaii strongly supports SB 2738, which authorizes agricultural entities to incorporate as general cooperatives conducting business in the State of Hawai'i.

The SBDC has worked with several groups who wish to collaborate to form an agriculture cooperative, but the currently Hawaii statutes limit ag coop models. The proposed statute is needed to enable consumers, producers and workers to collaborate. The cooperative business model provides a pathway for individual businesses to work together to address shared business goals. Agriculture cooperatives are formed to engage in collective marketing, shared labor, shared processing, transportation, and many other reasons.

In Hawai'i, when an ag coop incorporates, they must choose between one of two cooperative statutes: Agriculture Cooperatives (HRS Chapter 421) and Consumer Cooperatives (HRS 421C). The SBDC's experience and Kohala Center's work with Hawai'i's cooperatives has shown these two statutory options limit cooperatives pursuing multi-stakeholder and worker models.

Additionally, because there is currently no general cooperative statute in Hawai'i, those interested in forming non-agricultural cooperatives, or cooperatives with multi-stakeholders are drawn to Hawai'i's consumer cooperative law. That law, however, is not as flexible as other general cooperative statutes.

To provide cooperatives with greater flexibility in defining membership and organizational structure, many U.S. states offer a General Cooperative Statute. A general statute allows for multi-stakeholder cooperatives with diverse classes of membership, with consumers, producers, and workers all in the same cooperative.

General cooperative statutes embrace a broad and flexible approach, adhering to accepted cooperative principles while allowing cooperatives to create by-laws that are in line with business needs. With the proposed general cooperative statute, Hawai'i would join other states (e.g., Wisconsin, Colorado, and California) that allow diverse enterprises to take advantage of the benefits derived from a cooperative business structure.

This bill will have a significant and beneficial impact on Hawai'i cooperatives and the small business sector, especially in rural areas of the state. For these reasons, we respectfully request your support of SB 2738. 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



Senate Committees on CPH and JDC
Friday, February 21, 2020, at 10:30 a.m. in Conference Room 229

RE: SB 2738 – Relating to Agriculture – In Support

To members of the Committees:

The Kohala Center strongly supports SB 2738, which authorizes agricultural entities to incorporate as general cooperatives conducting business in the State of Hawai'i.

The cooperative business model provides a pathway for individual businesses to work together to address shared business goals. Cooperatives are formed to engage in collective marketing, shared labor, shared processing, transportation, and many other reasons.

In Hawai'i, when an agricultural cooperative incorporates, they choose between one of two cooperative statutes: Agriculture Cooperatives (HRS Chapter 421) and Consumer Cooperatives (HRS 421C). Based on The Kohala Center's past nine years of work with Hawai'i's cooperatives, research has shown these two statutory options limiting for cooperatives pursuing multi-stakeholder and worker models. Additionally, because there is currently no general cooperative statute in Hawai'i, those interested in forming non-agricultural cooperatives, or cooperatives with multi-stakeholders are drawn to Hawai'i's consumer cooperative law. That law, however, is not as flexible as other general cooperative statutes.

To provide cooperatives with greater flexibility in defining membership and organizational structure, many U.S. states offer a General Cooperative Statute. A general statute allows for multi-stakeholder cooperatives with diverse classes of membership, with consumers, producers, and workers all in the same cooperative. General cooperative statutes embrace a broad and flexible approach, adhering to accepted cooperative principles while allowing cooperatives to create by-laws that are in line with economic, social, and cultural needs. With the proposed general cooperative statute, Hawai'i would join other states (e.g., Wisconsin, Colorado, and California) that allow diverse enterprises to take advantage of the benefits derived from a cooperative business structure.

This bill will have a significant and beneficial impact on Hawai'i cooperatives and the small business sector, especially in rural areas of the state. For these reasons, we respectfully request your support of SB 2738. Thank you for the opportunity to submit testimony.

Sincerely,

Cheryl Ka'uhane Lupenui
President and Chief Executive Officer

Senate Committee on Commerce, Consumer Protection, and Health
Senate Committee on Judiciary



February 21, 2020 at 10:30 a.m.in Conference Room 229

RE: SB 2738 – Relating to Agriculture – In Support

To Chairs Rhoades and Baker, Vice Chairs Keohokalole and Chang, and members of the Committee:

Thank you for this opportunity to provide my personal testimony in strong support of SB 2738, which authorizes agricultural entities to incorporate as general cooperatives conducting business in the State of Hawai‘i.

Our organization works with groups who want to collaborate to form agricultural cooperatives. The cooperative business model provides a way for individual businesses to work together to address shared business goals like collective marketing, shared labor, shared processing, or transportation.

Cooperatives are important to the local food system. To provide cooperatives with greater flexibility in defining membership and organizational structure, many U.S. states offer a General Cooperative Statute. A general statute allows for multi-stakeholder cooperatives with diverse classes of membership, with consumers, producers, and workers all in the same cooperative.

General cooperative statutes embrace a broad and flexible approach, adhering to accepted cooperative principles while allowing cooperatives to create by-laws that are in line with business needs. This bill will have a significant and beneficial impact on Hawai‘i cooperatives and the small business sector, especially in rural areas of the state. For these reasons, I support SB 2738. Thank you for the opportunity to submit testimony.

Sincerely,

Janel Yamamoto
Director – GoFarm Hawaii
Personal Testimony