

**SB 651**

**DAVID Y. IGE**  
Governor

**JOSH GREEN**  
Lt. Governor



**DENISE ALBANO**  
Chairperson, Board of Agriculture

**PHYLLIS SHIMABUKURO-GEISER**  
Deputy to the Chairperson

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

**TESTIMONY OF DENISE ALBANO  
INTERIM CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE SENATE COMMITTEE ON AGRICULTURE & ENVIRONMENT**

**JANUARY 30, 2019  
1:15 PM  
CONFERENCE ROOM 224**

**SENATE BILL NO. 651  
RELATING TO AGRICULTURE**

Chairperson Gabbard and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 651. This measure adds a definition for “bona fide farmer” that applies to the non-agricultural park program and specifically exempts certain entities from its eligibility requirements. The Department of Agriculture has serious concerns regarding the potential decrease in control of farming operations by local farmers on public lands. The Department offers the following comments and recommendations.

The Department recommends if the Legislature intends to move this measure forward, that either (a) the eligibility requirement of individual bona fide farmer status for agricultural cooperatives, associations, partnerships, and corporations be established at a lower threshold, or (b) other local farmer-investor arrangements be encouraged with a relaxation of use restrictions, tax credits, or other incentives. We would be happy to work with the committee to review these options to flush out a comfortable amendment.

We recognize that recent developments in agriculture indicate a growing reliance on technological advances and methods that require substantial resources to build and maintain infrastructure for such innovative agricultural models. Most local farmers do not have such resources readily available to them and need to associate with others outside of the agricultural industry who can provide such investment capital.

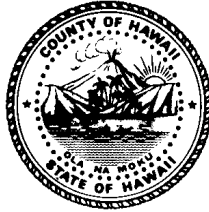


The Department further recognizes that Hawai'i's food security and sustainability objectives rely on our ability to maintain and control food production within the state. The Department's Land Management Program applies the bona fide farmer eligibility requirements for an agricultural lease on public lands to attain those laudable goals.

However, we are concerned that exempting individual members of agricultural cooperatives and other agricultural associations or partnerships, together with the trustees, officers, stockholders, or members of agricultural production corporations from qualifying as individual bona fide farmers without maintaining some criteria for ensuring local input or control in critical farming decisions could undermine the State's food security and sustainability efforts.

Thank you for the opportunity to present testimony on this measure.

County of Hawai'i  
Council District 9 -  
North and South Kohala



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**Chair:** Committee on Agriculture,  
Water, Energy, and Environmental  
Management

**Vice Chair:** Committee on Finance

**HERBERT M. "TIM" RICHARDS, III**  
**HAWAI'I COUNTY COUNCIL - DISTRICT 9**  
25 Aupuni Street, Ste. 1402, Hilo, Hawai'i 96720

January 28, 2019

Senate Committee on Agriculture and Environment  
Honorable Senator Mike Gabbard, Chair  
Honorable Senator Russel E. Ruderman, Vice Chair  
**Submission via online testimony**

RE: **Support of SB 651**  
Hearing Date/Time: January 30, 2019 at 1:15 p.m.

Dear Senators:

As the Chair of the Committee on Agriculture, Water, Energy, and Environmental Management for the Hawai'i County Council, I thank you for the opportunity to submit **testimony in SUPPORT of SB 651**. It is important to elaborate on the definition of a bona fide farmer.

Please feel free to contact me should you need to discuss my position and knowledge of this matter further.

Sincerely,

HERBERT M. "TIM" RICHARDS, III  
Hawai'i County Council, District 9

**SB-651**

Submitted on: 1/28/2019 4:06:57 PM

Testimony for AEN on 1/30/2019 1:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Alan Gottlieb	Testifying for Ponoholo Ranch Limited	Support	No

Comments:



THE SENATE  
THE THIRTIETH LEGISLATURE  
REGULAR SESSION OF 2019

COMMITTEE ON AGRICULTURE AND ENVIRONMENT

Senator Mike Gabbard, Chair  
Senator Russell E. Ruderman, Vice Chair

DATE: Wednesday, January 30, 2019  
TIME: 1:15 p.m.  
PLACE: Conference Room 224  
State Capitol  
415 South Beretania Street

Re: SB 651 Relating to Agriculture

Dear Chair Gabbard, Vice Chair Ruderman, and Committee Members

The Hawaii Aquaculture & Aquaponics Association (HAAA) strongly supports SB 651 to expand opportunities for farmers to obtain investment capital for their operations on Department of Agriculture (DOA)'s non-agricultural park lands.

Recent and emerging technological advances have created opportunities for innovation in agriculture that may improve efficiency, increase yields, and encourage sustainable farming practices. However, these technologies often require high investments of capital that farmers are often unable to access alone. By partnering with investors or establishing partnerships with others who have access to such technologies and capital, farmers may be able to invest in these technologies and other capital necessary to establish and grow their businesses.

However, the Department of Agriculture's administrative rules on the non-agricultural park lands program contain provisions that require at least seventy-five percent of such partnership members, including investors, to qualify individually as bona fide farmers, and they may also be subject to a durational Hawaii residency requirement. These requirements significantly limit small and mid-size farmer's ability to access the capital necessary to acquire these state-of-the-art technologies.

The University of Hawaii, College of Tropical Agriculture and Human Resources is currently promoting controlled environment agriculture, utilizing greenhouses, hoop houses, and screen houses, to help control agricultural pests, maximize the use of our limited land and water resources, and provide a more favorable growing environment. Similar technologies exist for land-based aquaculture and aquaponics. But with development costs of \$2-3 million per acre, few small to mid-sized farmers have the available capital to access these technologies without outside investment.

The Hawaii Venture Capital Association has hosted two panel discussions in recent months featuring leaders of local and national venture capital, impact, and social investment organizations with increasing interest in investing in innovative agricultural technology ventures. Some are focused on small and mid-sized farms and other on ventures that could be scaled statewide, regionally, or nationally, but it is highly unlikely that any would qualify as bona fide farmers under DOA's existing administrative rules.

In comparison, aquaculture tenants at the State's Natural Energy Laboratory of Hawaii (NELHA) do not have such investment constraints. Several companies, such as Cyanotech, Shrimp Improvement Systems, and Big Island Abalone, have successfully utilized private and publicly traded investment capital to establish nationally and internationally acclaimed production operations.

SB651 will address this existing investment constraint for farmers on DOA's non-agricultural park lands by exempting individual members, trustees, officers, and stockholders of certain entities from the required individual qualifications of a "bona fide farmer". This measure is not intended to address the broader, long-standing issue of fully defining a bona fide farmer but rather to provide the specified exemptions to enable and encourage investment in agricultural production technologies.

The HAAA respectfully requests your support of this important measure. Thank you for the opportunity to testify in strong support of SB651.

Sincerely,

Ronald P. Weidenbach  
HAAA President



P.O. Box 253, Kunia, Hawai'i 96759  
Phone: (808) 848-2074; Fax: (808) 848-1921  
e-mail [info@hfbf.org](mailto:info@hfbf.org); [www.hfbf.org](http://www.hfbf.org)

January 30, 2019

HEARING BEFORE THE  
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT COMMITTEE

**TESTIMONY ON SB 651**  
RELATING TO AGRICULTURE

Room 224  
1:15 PM

Aloha Chair Gabbard, Vice Chair Ruderman, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community.

Hawaii Farm Bureau **supports SB 651**, which inserts a definition for "bona fide farmer" that applies to the nonagricultural park lands program. The bill further exempts individual members, trustees, officers, and stockholders of certain entities from the required individual qualifications of a "bona fide farmer".

HFB believes this measure will address this existing investment constraint for farmers on non-agricultural park lands by exempting individual members, trustees, officers, and stockholders of certain entities from the required individual qualifications of a "bona fide farmer". This measure is not intended to address the broader, long-standing issue of fully defining a bona fide farmer but rather to provide the specified exemption to encourage investment in agricultural production technologies.

Thank you for this opportunity to testify on this important subject.



To: THE SENATE THE THIRTIETH LEGISLATURE REGULAR  
SESSION OF 2019

[THE COMMITTEE ON AGRICULTURE AND ENVIRONMENT](#) Senator Mike  
Gabbard, Chair Senator Russell E. Ruderman, Vice Chair

DATE: Wednesday, January 30, 2019 TIME: 1:15 p.m. PLACE:  
Conference Room 224 State Capitol 415 South Beretania Street

**Re: SB 651 Relating to  
Agriculture**

Dear Chair Gabbard, Vice Chair Ruderman, and Committee  
Members

I support SB 651 to expand opportunities for farmers to obtain investment capital for their operations on Department of Agriculture (DOA)'s non-agricultural park lands.

I have been associated with the aquaculture industry for decades. Technological advances have created opportunities for innovation in agriculture that may improve efficiency, increase yields, and encourage sustainable farming practices. These technologies often require substantial investments of capital that farmers are often unable to access alone. Partnering with investors and/or establishing partnerships with those who have access to such technologies and capital, will able farmers to grow their businesses.

Currently, the Department of Agriculture's administrative rules on the non-agricultural park lands program contain provisions that require at least seventy-five percent of such partnership members, including investors, to qualify individually as bona fide farmers, and they may also be subject to a durational Hawaii residency requirement. These requirements significantly limit small and mid-size farmer's ability to access the capital necessary to acquire these state-of-the-art technologies.

The University of Hawaii, College of Tropical Agriculture and Human Resources is currently promoting controlled environment agriculture, utilizing greenhouses, hoop houses, and screen houses, to help control agricultural pests, and similar technologies exist for land-based aquaculture and aquaponics. But with development costs of \$2-3 million per acre, few small to mid-sized farmers have the available capital to access these technologies without outside investment.

SB651 will addresses this existing investment constraint for farmers on DOA's non-agricultural park lands by exempting individual members, trustees, officers, and stockholders of certain entities from the required individual qualifications of a "bona fide farmer". This measure is not

intended to address the broader, long-standing issue of fully defining a bona fide farmer but rather to provide the specified exemptions to enable and encourage investment in agricultural production technologies.

I request your support of SB651.

Sincerely,

Paul Bienfang Ph.D  
President, Analytical  
Services LLC  
P.O. Box 62311  
Honolulu, HI 96839

**SB-651**

Submitted on: 1/29/2019 9:30:09 AM

Testimony for AEN on 1/30/2019 1:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Danya Hakeem	Individual	Support	No

Comments:

**SB-651**

Submitted on: 1/29/2019 9:47:14 AM

Testimony for AEN on 1/30/2019 1:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
J Ashman	Individual	Support	No

Comments:

2029 Nuuanu Ave. #1510  
Honolulu, Hawai'i 96817  
January 29, 2019

Senator Mike Gabbard, Chair  
Senator Russell E. Ruderman, Vice Chair  
Senate Committee on Agriculture and Environment  
Hawaii State Capitol, 415 S. Beretania St.  
Honolulu, Hawai'i 96813

Dear Chair Gabbard, Vice Chair Ruderman, and Members of the Committee:

I am sending this testimony to express my **strong support for SB 651**, "Relating to Agriculture," which would allow farmers leasing land from Hawai'i's Department of Agriculture (HDOA) greater freedom to raise funds to establish or expand their farms. Current HDOA rules require at least 75% of the members of agricultural corporations or partnerships leasing HDOA land to be "bona fide farmers." This requirement is outdated and unduly restricts the ability of legitimate agricultural operations to raise needed investment capital.

I have been involved in aquaculture production and consulting in Hawai'i since 1979, and more recently have also worked in aquaponics. These agricultural techniques are extremely productive, but they require a substantial investment in infrastructure. More traditional crop production is also becoming capital-intensive due to many factors including improved production and monitoring technology, emerging crop pests and diseases combined with lower tolerance for pesticide use, increased water costs, and food safety concerns. These factors are driving farmers toward enclosed or semi-enclosed facilities such as greenhouses, and toward more intensive production systems. Many, if not most, farmers in Hawai'i cannot afford to install the necessary infrastructure without obtaining outside investment, and most potential investors are not "bona fide farmers." Thus, the current rule makes it difficult for farmers leasing HDOA land to raise funding to establish new, efficient farms or to make their farms more productive.

It should not matter what percentage of farm ownership is made up of "bona fide farmers" so long as the farm itself is a legitimate, well-run and productive operation. Therefore, I hope your committee will pass SB 651 and remove an unnecessary restriction on the ability of HDOA's lessees to establish and improve their farms.

Thank you for the opportunity to testify on this important matter.

Sincerely,



Frederick M. Mencher