



DAVID Y. IGE  
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JOSH GREEN  
LT. GOVERNOR

**STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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CATHERINE P. AWAKUNI COLÓN  
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
Senate Committee on Commerce and Consumer Protection  
Friday, February 12, 2021  
9:30 a.m.  
Via Videoconference**

**On the following measure:  
S.B. 498, RELATING TO COOPERATIVES**

**WRITTEN TESTIMONY ONLY**

Chair Baker and Members of the Committee:

My name is Ty Nohara, and I am the Commissioner of Securities and head of the Department of Commerce and Consumer Affairs' (DCCA or Department) Business Registration Division. The Department offers comments on this bill.

The purpose of this bill is to establish general provisions for Hawaii cooperatives that may be used to form worker as well as other types of cooperatives.

The Department requests amending page 88, line 17 of the bill to read: "§ -48 [~~Exemption of voting stock~~] Cooperative interests issued to members exempt from registration", because this section pertains to both voting and non-voting interests issued by a cooperative to a member that are exempt from registration under Hawaii's securities laws, specifically, HRS section 485A-201(8).

Thank you for the opportunity to testify on this bill.

February 10, 2021

**RE: SB 498 – Relating to Cooperatives – In Support**

Senate Committee on Commerce and Consumer Protection

To: Chair Rosalyn H. Baker, Vice Chair Stanley Chang, and members of the committee

I strongly support SB 498, this work allows for a new general cooperative statute.

I am the Cooperative Development Specialist at The Kohala Center's Rural and Cooperative Business Development Services (TKC-RCBDS). I have been working with Hawaii Cooperatives for over 10 years now. I see the challenges they have and I see the difference they make in the community. Over the past two years, at the suggestion of our local USDA to improve the cooperative statutes here in Hawaii we began interviewing members of cooperatives to find out the challenges they see and gathered input from Hawaii's cooperatives. We joined a national volunteer effort lead by the USDA to look at existing cooperative statutes throughout the states and identify best practices and trends in a general cooperative statute that would give greater flexibility to the cooperative business model at the same time as strengthening the definition and guidelines.

In our exploration, two overall limitations of the statutes were found, including their restrictions on membership and omissions that fail to take into consideration the day-to-day work of Hawaii's existing cooperatives. First, existing statutes limit co-op membership to specific member classes, farmers and consumers, respectively, which are sufficient for some co-ops but not all. Many co-ops today are forming with more diverse membership that allow for greater benefit to the co-op and its members, including for example Māla Kalu'ulu Co-op, Hawai'i 'Ulu Co-op, United Ka'ū Farmers Co-op, and many more. For example, while the United Ka'ū Farmers Cooperative is formed under the agricultural statute, their membership consists of growers, processors, distributors, and others that contribute to the vertical chain of Ka'ū coffee and the co-op's success; therefore, UKFC could benefit from incorporation under a General Statute proposed SB498.

The proposed bill also includes provisions specific to worker cooperatives. Worker-owned cooperatives—companies owned and managed by their workers, with workers sharing responsibility and profits with their peers—are one answer to building a more equitable and resilient economy. Worker co-ops create dignified jobs with living wages, with [the average entry wage at a worker co-op being \\$19.67/ hour](#). Worker co-ops in the [U.S. produce over \\$505 million dollars in estimated revenue each year](#).

I support the addition of “sacred species and natural ecosystems” in the definition of “person”. It makes sense for Hawaii and the practice to interact with the ecosystem and sacred species like Taro in a group's decision making processes. This language allows a cooperative to

recognize the voice of a natural ecosystem, such as the land where food is grown or the water source that makes the cooperative's activities possible, in its governance structure. Providing that a sacred species or natural ecosystem may be a member with a guardian speaking on its behalf is an important step toward placing Hawai'i at the forefront of a global movement aligned with Hawai'i's cultural values. Over 12 countries, hundreds of municipalities across the U.S., and several tribal nations have recognized legal personhood for nature.<sup>1</sup>

By enacting this bill, you improve our existing laws and it will allow diverse enterprises to come together to gain the benefits of from a greater cooperative effort. Please support.

Teresa Young  
Teresa Young  
Rural Cooperative Business Development Specialist  
The Kohala Center  
[tyoung@kohalacneter.org](mailto:tyoung@kohalacneter.org)  
808-313-0430

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<sup>1</sup> See [National Geographic "A Voice for Nature"](#); [The Guardian, "What if Nature, like corporations, had the rights of a person"](#).

Senator Rosalyn H. Baker, Chair  
Senator Stanley Chang, Vice Chair  
Committee on Commerce and Consumer Protection

**Re: Testimony on SB 498 in support of including sacred species and natural ecosystems in the definition of “person”**

Fri., Feb. 12, 2021 at 9:30 AM, via videoconference

Earth Law Center is a non-profit organization that champions Earth-centered laws and community-led movements that respect and protect all life on the planet.

Earth Law Center provides this testimony in strong support of including “sacred species and natural ecosystems” in the definition of “person”. This language allows a cooperative to recognize the voice of a natural ecosystem, such as the land where food is grown or the water source that makes the cooperative’s activities possible, in its governance structure. It is aligned with the growing realization that recognizing the rights of corporations, but ignoring the rights of nature, has harmful social, environmental, and economic consequences.

Over 12 countries, dozens of municipalities across the U.S., and several tribal nations have recognized legal personhood for nature.<sup>1</sup> Here are just a few specific examples of the most recent developments:

- In December 2018, the White Earth band of the Chippewa Nation adopted the “Rights of the Manoomin” law securing legal rights of manoomin, or wild rice, a traditional staple crop of the Anishinaabe people: “Manoomin, or wild rice, within all the Chippewa ceded territories, possesses inherent rights to exist, flourish, regenerate, and evolve, as well as inherent rights to restoration, recovery, and preservation.”
- In 2019, a bill to recognize Rights of Nature was introduced into the Congress of the Philippines.
- In 2019, the Congress of the State of Colima, Mexico approved an amendment to the state constitution recognizing the Rights of Nature.
- In 2019, Uganda enacted the National Environmental Act of 2019 in which nature is recognized as having “the right to exist, persist, maintain and regenerate its vital cycles, structure, functions and its processes in evolution.”
- In 2019, Toledo, Ohio, residents adopted the *Lake Erie Bill of Rights*
- In 2019, the Yurok tribe in California passed a resolution recognizing the legal rights of the Klamath River
- In 2019, the Rights of Nature and Future Generations Bill was introduced into the Parliament of Western Australian. It recognizes rights for “Nature, including all

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<sup>1</sup> See [National Geographic “A Voice for Nature”](#); [The Guardian, “What if Nature, like corporations, had the rights of a person”](#).

ecosystems, ecological communities and native species,” as well as “present and future generations.”

- In 2019, a state constitutional amendment was introduced into the House of Representatives of the Commonwealth of Pennsylvania to recognize the people’s ability to enact local laws to protect health, safety and welfare by establishing the rights of people, their communities, and Nature
- In 2020, the Nez Perce Tribe General Council passed a resolution recognizing the Snake River as a living entity that has rights, including the right to exist, flourish, evolve, flow, regenerate — and a right to its restoration.”

Thank you for your leadership in bringing Hawai‘i to the forefront of this movement. We appreciate the opportunity to submit testimony in support.

Sincerely,

Addison Luck  
Earth Law Manager, Earth Law Center  
Kilauea, Kauai

Jay Hartwell  
Seto Meadows LLC  
dba Misty Meadows Farm  
PO Box 1199  
Kamuela, Hawai'i 96743  
[mistymeadowshawaii@gmail.com](mailto:mistymeadowshawaii@gmail.com)

February 10, 2021

Senator Rosalyn H. Baker, Chair  
Senator Stanley Chang, Vice Chair  
Committee on Commerce and Consumer Protection  
Hawai'i State Legislature  
Honolulu, Hawai'i 96813

**TESTIMONY IN SUPPORT OF SB 498**

Dear Senator Baker and Senator Chang:

Thank you for scheduling a hearing on a general co-op statute, SB 498. I am writing in support of its passage. My family is a member of two co-ops, because we believe in the value, variety and quality they have brought to us.

It is important for the state to support alternatives to conventional consumption/production operations, given the impacts that big-box stores, chains and Amazon have had on producing and buying locally and offering a livable wage for local employees.

Co-ops, besides being owned and operated by their members, encourage the production and purchase of local goods in multiple ways. These ways can be expanded and supported through this legislation's passage. The pandemic showed us that the state's small farmers, who utilize co-ops, were able to more quickly pivot production, choices and delivery than the larger farms.

As legislators representing all of the state's people, please help us by supporting passage of a bill that maintains flexibility in the marketplace and thus improves Hawai'i's ability to survive the next one. Thank you for considering this testimony.

All my best to you, your staffs and families for the remainder of the session and year.

Sincerely,

Jay Hartwell

Cc: Council Member Heather L. Kimball



Jason Wiener|p.c., a Public Benefit Corporation  
Attorneys at Law  
1919 14<sup>th</sup> Street, Suite 700, Boulder, CO 80302  
(720) 445-6860

[jason@jrwiener.com](mailto:jason@jrwiener.com); [linda@jrwiener.com](mailto:linda@jrwiener.com)

Attorneys licensed in Colorado, New York, Massachusetts, and Ohio

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February 10, 2021

Senator Rosalyn H. Baker, Chair  
Senator Stanley Chang, Vice Chair  
Committee on Commerce and Consumer Protection

Re: Testimony in Support of SB 498/HB1303  
February 12, 2021 @ 9:30 a.m. via videoconference

My name is Linda Phillips and I am writing in support of SB 498. I am an attorney in Denver, Colorado with the law firm of Jason Wiener, PC, a public benefit corporation. Our firm specializes in cooperative law. My retired partner, James B. Dean, was one of the two authors of the Uniform Limited Cooperative Association Act that has been passed in 8 states and I assisted with its passage here in Colorado. Here in Colorado, the general cooperative corporation statutes were revised in the mid-1990s, so I am familiar with both the process of revising cooperative statutes as well as the benefits of doing so. I understand that Hawai'i currently has several cooperative statutes for specific industries: agricultural (HRS Chapter 421), consumer (HRS 421C), and housing (HRS Chapter 421H and 421I) cooperative acts, but does not have the benefit of a general cooperative statute.

I understand that the proposed general co-op statute is based in large part on Colorado's cooperative corporation statute, with which I have extensive experience. From my personal experience, such a statute is of great benefit. I firmly support SB 498 and believe that a general cooperative corporation statute will open the doors for many more forms of cooperatives than are currently available in Hawaii.

Cooperatives are a great form of business that have been around for a couple of hundred years, but they have mostly been used by the agricultural and rural utility communities (and of course, credit unions) until recently, as in the past 20 years. The public and the business community have come to see the cooperative business model as an alternative that can allow ownership of a company for groups of people with common purposes and goals. These are some labels for the types of cooperatives that are being formed around the country, as well as some of the many industries that are using the business model:

#### TYPES OF COOPERATIVES:

- Producer – members are “producers” or manufacturers
- Marketing – co-op markets member products/services
- Purchasing – co-op members coordinate bulk vendor purchase contracts
- Worker – coop employees are owners
- Consumer – customers are members/owners
- Housing – residents are members/owners

- Platform – users of the online platform are members/owners
- Multi-stakeholder – multiple types of members

#### INDUSTRIES THAT HAVE USED THE MODEL:

- Agriculture – producer, marketing, purchasing
- Construction – worker, marketing
- Manufacturing – worker, producer
- Wholesale/Retail – purchasing, worker, consumer, producer
- Healthcare/social services – worker, consumer
- Transportation/Utilities – consumer, worker
- Finance/Insurance/Real Estate – worker, marketing, consumer
- Hospitality/Restaurant – worker, marketing, consumer
- Services – worker, marketing, consumer

The proposed general cooperative statute fills a gap in Hawai'i law. It provides cooperatives with greater flexibility in defining membership and organizational structure. It also allows for “multi-stakeholder” cooperatives, meaning that diverse classes of membership, such as consumers, producers, and workers, can all be part of the same cooperative.

I understand The [Hawai'i 'Ulu Co-op](#), the [Moloka'i Livestock Co-op](#), and the Kamuela Vacuum Cooling Co-op are just some examples of successful Hawai'i co-ops. Encouraging more co-ops will improve the local economy.

The proposed bill also includes provisions specific to worker cooperatives. Worker-owned cooperatives—companies owned and managed by their workers, with workers sharing responsibility and profits with their peers—are one answer to building a more equitable and resilient economy. Worker co-ops create dignified jobs with living wages, with [the average entry wage at a worker co-op being \\$19.67/ hour](#). Worker co-ops in the [U.S. produce over \\$505 million dollars in estimated revenue each year](#).

By enacting this bill, Hawai'i will join other states (e.g., Washington, Wisconsin, Colorado, and California, naming just a few) that allow diverse enterprises to take advantage of the many 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. I respectfully request your support of SB498/HB1303. Thank you for the opportunity to submit testimony.



Linda Phillips, Senior of Counsel  
Jason Wiener, P.C.  
[www.jrwiener.com](http://www.jrwiener.com)





February 9, 2021

**RE: SB 498 – Relating to Cooperatives – In Support**

Senate Committee on Commerce and Consumer Protection  
Hearing February 12, 2021, 9:30 a.m.

To: Chair Rosalyn Baker, Vice Chair Stanley Chang, and members of the committee

The Kohala Center (TKC) strongly supports SB 498/HB 1303, which authorizes agricultural entities to incorporate as general cooperatives conducting business in the State of Hawai'i. Cooperatives help develop resilient local economies by bringing people together to achieve shared goals. In Hawai'i there are more than 28 co-ops, including 26 working specifically in agriculture, energy, and water, with more forming every year.

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 498/HB 1303.

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 ten years of work with Hawai'i's cooperatives, research has shown these two statutory options are 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.

TKC is the only cooperative development center in Hawai'i. Our Rural and Cooperative Business Development Services (RCBDS) team is dedicated to developing Hawai'i's rural economies through co-op and agricultural business development, thereby enhancing the quality of life for rural residents. The team consists of six full-time staff who are experts in co-op development, business capitalization, and both Western and native Hawaiian agricultural production methods. Consequently, the team is able to provide clients with a diverse suite of services to increase their businesses' long-term *economic, social, cultural, and ecological viability*. In its first ten years of operation, RCBDS has assisted 32 co-

ops and 19 other mutually owned businesses in establishing their incorporation; worked to support the growth of an additional 14 co-ops formed prior to 2011; provided training to more than 1,600 rural business owners and co-op members; and helped rural co-ops and businesses obtain more than \$30 million in grant and loan funding. RCBDS has launched two microloan initiatives for rural businesses, co-op members, and food producers that have distributed \$757,500 in loans since 2015 to 68 small rural businesses operating across Hawai'i.

The Kohala Center is also working with a handful of individuals who have agreed to have their testimony submitted jointly with TKC's testimony, including Janel Yamamoto, director at GoFarm Hawai'i; Jack Spruance, general manager at Moloka'i Livestock Cooperative; Eric Batha, owner at Hawai'i Farming LLC; and Dana Shapiro, general manager at Hawai'i 'Ulu Cooperative. If you have questions regarding TKC's support of this legislation, please contact The Kohala Center at (808) 887-6411 or by email at [ckauhanelupenui@kohalacenter.org](mailto:ckauhanelupenui@kohalacenter.org).

Sincerely,



President and Chief Executive Officer

**RE: SB 498 – Relating to Cooperatives – In Support**

Thank you for this opportunity to provide my personal testimony in strong support of SB 498, which creates a general cooperative statute that allows for flexibility within the cooperative framework.

The organization I work for, GoFarm Hawaii, 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. I have also seen many local successful cooperative models that have strengthened the agricultural industry.

Many types of businesses, such as those pertaining to sustainable food systems, renewable energy, healthcare, child care, and social services, can benefit from being formed as a cooperative. While Hawai'i has agricultural (HRS Chapter 421), consumer (HRS 421C), and housing (HRS Chapter 421H and 421I) cooperative acts, we do not have the benefit of a general cooperative statute.

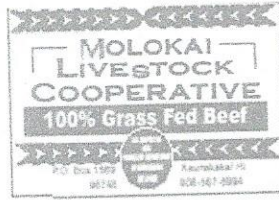
A general cooperative statute fills a gap in our law. It provides cooperatives with greater flexibility in defining membership and organizational structure. It also allows for “multi-stakeholder” cooperatives, meaning that diverse classes of membership, such as consumers, producers, and workers, can all be part of the same cooperative.

I respectfully request your support of SB 498. Thank you for the opportunity to submit testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Janel Yamamoto". The signature is fluid and cursive, with the first name "Janel" and last name "Yamamoto" clearly distinguishable.

Janel Yamamoto  
Director – GoFarm Hawaii  
Personal Testimony



February 10, 2021

**RE: SB 498 – Relating to Cooperatives – In Support**

Senate Committee on Commerce and Consumer Protection  
Hearing Schedule: February 12, 9:30 a.m.

To: Chair Baker, Vice Chair Chang, and members of the committee

On behalf of the Moloka'i Livestock Cooperative I am writing in strong support of SB 498 / HB 1303 Relating to Cooperatives which authorizes agricultural entities to incorporate as general cooperatives conducting business in the State of Hawai'i.

Moloka'i Livestock Cooperative is a slaughterhouse and processing facility operating on the island of Moloka'i in Maui County. We purchase locally raised animals produced by island ranchers, and provide slaughter and processing services for both resale and home use. Our slaughter facilities are inspected by the USDA's Food Safety and Inspection Service. We have received cooperative development and leadership support from The Kohala Center over the past several years as our co-op strives to strengthen the agriculture and business skills of our members, the cooperative, and the community. Most recently, with the Center's help we secured pandemic-related relief funding and public and private sector loans and grants that have allowed us to stay afloat during the pandemic and expand our customer offerings.

The cooperative business model provides a pathway for people and individual businesses to work together to address shared goals. Many types of businesses, such as those pertaining to sustainable food systems, renewable energy, and water can form as a cooperative. While Hawai'i has agricultural (HRS Chapter 421), consumer (HRS 421C), and housing (HRS Chapter 421H and 421I) cooperative acts, we do not have the benefit of a general cooperative statute that would allow for more diverse TYPES of cooperatives including worker cooperatives. A general co-op statute would also provide cooperatives with greater flexibility in defining membership and organizational structure by allowing for "multi-stakeholder" cooperatives, meaning that diverse classes of membership, such as consumers, producers, and workers, can all be part of the same cooperative. By allowing for more diverse member classes co-ops would be able to expand their membership and become more economically viable.

Please carefully consider adopting a General Cooperative Statute to allow Hawai'i's existing and future cooperatives to become stronger economic entities in our state's rural areas. If you have questions about MLC's support of the proposed co-op statute amendments please contact me at (808) 567-6994.

Sincerely,

Jack Spruance, GM  
Moloka'i Livestock Cooperative



66-1475 Pu'u Huluhulu Road, Kamuela, HI 96743 (808) 987-1604

February 10, 2021

Honorable Senator Rosalyn H. Baker, Chair  
Honorable Senator Stanley Ching, Vice Chair  
Committee on Commerce and Consumer Affairs

RE: TESTIMONY IN SUPPORT OF SB 498, February 12, 2021 9:30 a.m.

Hawaii Farming LLC strongly supports SB 498, which creates a general cooperative statute that allows for greater flexibility within the cooperative framework. As a member of the Kamuela Vacuum Cooling Cooperative in Waimea on Hawaii Island, we have first-hand experience on how working collectively in the agricultural industry is able to advance small family farms.

Hawaii Farming LLC is located in the Lalamilo Ag Lots at the base of Mauna Kea on Hawaii Island. We utilize progressive leading-edge technology, including hydroponic growing methods and greenhouse technology, to produce Keiki Cukes, Long English Cucumbers and Japanese Cucumbers that are sold to markets across the state. As a member of the Kamuela Vacuum Cooling Co-op, we were able to start assessing the possibility of having a centralized distribution hub for all of the farmers to utilize. This would assist the small family farms in merging in with the larger farm entities for product distribution to wholesalers.

While the co-op is utilized by agricultural businesses to share resources and reduce overhead costs, working together as a collective of farmers is not without its challenges. Maintaining infrastructure and accessing financing to do so is a challenge for many co-op businesses, as traditional lenders are not accustomed to working with co-ops. The utility of a General Co-op Statute under which cooperatives can form would enable not only more diverse membership classes. Having a broader membership base consisting of individuals and businesses across the supply chain, including consumers and investors that believe in the mission of the business, increases the businesses economic viability and facilitates the long-term success of the co-op.

This bill will have a significant and beneficial impact on Hawaii cooperatives and the small business sector, especially in rural areas of the State. For these reasons, we respectfully request your support of SB 498/HB 1303. Thank you for the opportunity to submit testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Batha", written over a horizontal line.

Eric Batha, Owner



*Farmer owned, 'āina grown*

February 9, 2021

**RE: SB 498 – Relating to Cooperatives – In Support**

Senate Committee on Commerce and Consumer Protection

To: Chair Rosalyn Baker, Vice Chair Stanley Chang, and members of the committee

The Hawai'i 'Ulu Co-op (HUC) strongly supports SB 498/HB 1303, which creates a General Cooperative Statute under which cooperative business entities can incorporate. Cooperatives help develop resilient local economies by bringing people together to achieve shared goals.

HUC was established in 2016 with 9 founding small family farms to revitalize breadfruit as a viable crop and dietary staple. Since then we have grown to 100 farmer-members on Hawai'i Island and Maui. The co-op model has enabled and fueled our growth and success to date, enabling our members to achieve far more together than they could on their own. Over the past four years in operation, we have generated \$1.5 Million in sales revenues, created 20 well-paid jobs, and aggregated and distributed 555,000 pounds of local staple crops to communities around the state.

We recognize that challenges related to Hawai'i's current co-op statutes limit their relevance and efficacy for many organizations. In fact, it limits our own expansion opportunities. With over 10 years of experience in co-op development in Hawai'i, The Kohala Center has realized several limitations of existing co-op law, including the lack of a general statute under which co-ops can form. The absence of a General Cooperative Statute limits co-op membership which can hamper co-op financing. Additionally, it makes the formation of worker co-ops and multi-stakeholder co-ops more challenging, as they have a different organizational structure than farm and consumer co-op models.

HUC is working with The Kohala Center and other individuals and co-ops who have agreed to have their testimony submitted jointly with the Center's testimony. If you have questions regarding HUC's support of this legislation, please contact me at (808) 238-8869 or by email at [info@eatbreadfruit.com](mailto:info@eatbreadfruit.com).

Sincerely,

Dana Shapiro, General Manger



**Hawai'i 'Ulu Producers Cooperative**

79-1017 E Honalo Rd, Kailua-Kona, Hawai'i 96740 | 808-238-8869 | [eatbreadfruit.com](http://eatbreadfruit.com) | [info@eatbreadfruit.com](mailto:info@eatbreadfruit.com)



Email: [communications@ulupono.com](mailto:communications@ulupono.com)

SENATE COMMITTEE ON COMMERCE & CONSUMER PROTECTION  
Friday, February 12, 2021 —9:30 a.m.

**Ulupono Initiative supports SB 498, Relating to Cooperatives.**

Dear Chair Baker and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food; renewable energy and clean transportation; and better management of freshwater and waste.

**Ulupono supports SB 498**, which authorizes entities having a common interest and purpose to organize as general cooperatives.

Ulupono supports amending the general cooperative statute to expand membership and flexibility. Hawai'i can align with national trends that are establishing laws to increase cooperative membership across a variety of business sectors. Providing multiple, diverse stakeholders with an opportunity to acquire membership in a general cooperative will allow for increased access to financing and economic opportunity in an effort to advance common interests.

Hawai'i's agricultural producer majority is small farmers and ranchers. With passage of this bill, we believe that local food systems can benefit from inclusion of producers and consumers in a multi-stakeholder cooperative model, increasing the economic viability of these local food producers. As Hawai'i's local food issues become increasingly complex and challenging, we appreciate this committee's efforts to look at policies that support local food production.

Thank you for this opportunity to testify.

Respectfully,

Micah Munekata  
Director of Government Affairs

*Investing in a Sustainable Hawai'i*



# Kamehameha Schools®

Senate Committee on Commerce and Consumer Protection

Date: February 12, 2021

Time: 9:30 a.m.

Where: Via Videoconference

## WRITTEN TESTIMONY

By Pia Chock

Strategy Consultant, Community & 'Āina Resiliency Group

### RE: **SB 498 - Relating to Cooperatives**

E ka Luna Ho'omaluku Baker, ka Hope Luna Ho'omaluku Chang, a me nā Lālā o kēia Kōmike, aloha!

Kamehameha Schools **SUPPORTS SB 498**, which authorizes entities having a common interest and purpose to organize as general cooperatives.

We believe our educational mission is best achieved in a society that supports and enables the success of our learners. One significant component of such a society is a resilient economy. Looking to the wisdom of our kūpuna, we know, “‘A‘ohe hana nui ke alu ‘ia; no task is too large when done together.” We believe this bill will strengthen Hawai‘i’s economy by providing structure for greater collaboration that is grounded in common goals and intended to improve the well-being of all involved.

One important component of a resilient economy is its food systems. For this reason, we have heavily invested in agriculture on our lands across Hawai‘i to contribute to the State’s Aloha+ Challenge goal of doubling local food production by 2030. Cooperatives can play a significant role in reaching this goal by improving market access for small farmers, thereby enabling them to continue and possibly increase production. Cooperatives can also support large scale procurement of local produce by educational and other institutions, connecting more Hawai‘i residents with fresh, healthy food.

One successful example is the Hawai‘i ‘Ulu Cooperative, one of Kamehameha Schools’ agricultural tenants. In four years, the Hawai‘i ‘Ulu Coop has grown to support over 100 members, representing farms of all sizes. These farms cover 195 total acres of ‘ulu production and approximately 5,200 trees. Hawai‘i’s residents now have access to this traditional Native Hawaiian food and related products in more than 63 locations across the islands due to the establishment of this agricultural cooperative.

For these reasons, we kindly request you **PASS SB 498**.

Founded in 1887, Kamehameha Schools is an organization striving to advance a thriving Lāhui where all Native Hawaiians are successful, grounded in traditional values, and leading in the local and global communities. We believe that community success is individual success, Hawaiian culture-based education leads to academic success and local leadership drives global leadership. Mahalo nui!





February 11, 2021

Senator Rosalyn H. Baker, Chair  
Senator Stanley Chang, Vice Chair  
Committee on Commerce and Consumer Protection

Re: Testimony in Support of SB 498  
February 12, 2021 @ 9:30 a.m. via videoconference

As an attorney who works with cooperatives in Hawai'i, I strongly support SB 498, which creates a general cooperative statute that allows for flexibility within the cooperative framework. Many of my clients will benefit from this law. The cooperative business model provides a pathway for people and individual businesses to work together to address shared goals. Key tenants of cooperatives are that each member has one vote and profit sharing is based on membership participation. Cooperatives are renowned for their resiliency in times of economic crisis.<sup>1</sup>

Many types of businesses, such as those pertaining to sustainable food systems, renewable energy, healthcare, child care, and social services, can benefit from being formed as a cooperative. While Hawai'i has agricultural (HRS Chapter 421), consumer (HRS 421C), and housing (HRS Chapter 421H and 421I) cooperative acts, we do not have the benefit of a general cooperative statute.

A general cooperative statute fills a gap in our law. It provides cooperatives with greater flexibility in defining membership and organizational structure. It also allows for "multi-stakeholder" cooperatives, meaning that diverse classes of membership, such as consumers, producers, and workers, can all be part of the same cooperative.

The proposed bill also includes provisions specific to worker cooperatives. Worker-owned cooperatives—companies owned and managed by their workers, with workers sharing responsibility and profits with their peers—are one answer to building a more equitable and resilient economy. Worker co-ops create dignified jobs with living wages, with [the average entry wage at a worker co-op being \\$19.67/ hour](#). Worker co-ops in the [U.S. produce over \\$505 million dollars in estimated revenue each year](#).

I further support the addition of "sacred species and natural ecosystems" in the definition of "person". This language allows a cooperative to recognize the voice of a natural ecosystem, such as the land where food is grown or the water source that makes the cooperative's activities possible, through a guardian or guardians, in its governance structure. It encourages acknowledgment and consideration of the non-human, but living, elements that make a cooperative's activities possible. Doing so is obviously up to the particular cooperative. Providing that a sacred species or natural ecosystem may

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<sup>1</sup> See ["Resilience of the Cooperative Business Model in Times of Crisis", International Labour Organization](#); ["Radically Rural: Co-ops - a Key to Rural Resiliency"](#); ["Cooperatives: A resilient model in time of crisis and beyond."](#); ["The Case for Co-ops as a Local Economic Development Strategy"](#).



be a member with a guardian speaking on its behalf is an important step toward placing Hawai'i at the forefront of a global movement aligned with Hawai'i's cultural values. Over 12 countries, hundreds of municipalities across the U.S., and several tribal nations have recognized legal personhood for nature.<sup>2</sup>

By enacting this bill, Hawai'i will join other states (e.g., Wisconsin, Colorado, and California) that allow diverse enterprises to take advantage of the many 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, I respectfully request your support of SB498. Thank you for the opportunity to submit testimony.

Sincerely,

Elizabeth Dunne, Esq.  
(808) 554-1409

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<sup>2</sup> See [National Geographic "A Voice for Nature"](#); [The Guardian, "What if Nature, like corporations, had the rights of a person"](#).

**SB-498**

Submitted on: 2/11/2021 9:28:29 AM

Testimony for CPN on 2/12/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kirstin Kahaloa	Individual	Support	No

Comments:

I support SB498 and hope the committee will too. Mahalo.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

**LATE**

Testimony Presented Before the  
Senate Committee on Commerce and Consumer Protection  
Friday, February 12, 2021 at 9:30 a.m.

By  
Nicholas Comerford, Dean  
College of Tropical Agriculture and Human Resources  
University of Hawai'i at Mānoa

### SB 498 – RELATING TO COOPERATIVES

Chair Baker, Vice Chair Chang, and members of the Senate Committee on Commerce and Consumer Protection:

Thank you for the opportunity to provide testimony in support of the intent of SB 498.

We view this as a supporting bill to the bills promoting Agriculture Cooperatives (SB 495 and HB 1302). While the bills addressing Agriculture Cooperatives are specific to certain types of agriculture opportunities, it is by no means inclusive. A broader statute is needed so that opportunities, such as worker cooperatives, can be covered. This bill attempts to do that.

There are distinct advantages of cooperatives for the state of Hawai'i. For all opportunities related to and support agriculture, cooperatives need to be a larger part of Hawai'i's future if we wish to diversify the economy and put agriculture on the path to success for the citizens of the state.

The advantages of cooperatives in agriculture have been detailed in testimony for the above referenced bills. However, in general, the role of cooperatives speaks to rural economic development. Worker cooperative, as an example, are an excellent opportunity to train the future farmers of Hawai'i.

For these reasons we support the intent of SB 498.

However, we are aware of the current financial climate of the State of Hawai'i and realize that state funding is reduced. For this reason, we defer to the Department of Commerce and Consumer Affairs (DCCA) on their budgetary and concept priorities. We also defer to DCCA as to the legal language contained in this bill.