

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

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DEPUTY DIRECTOR

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OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 668, S.D. 1, H.D. 1

March 31, 2021
2:30 p.m.
Room 308

RELATING TO AGRICULTURE

The Department of Budget and Finance (B&F) offers comments on Senate Bill (S.B.) No. 668, S.D. 1, H.D. 1.

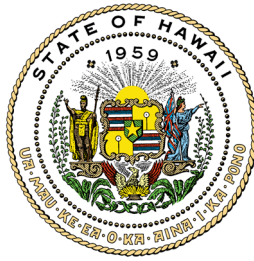
S.B. No. 668, S.D. 1, H.D. 1, requires the Department of Agriculture to regulate all agricultural imports and inspections; establishes the Air Cargo Pest Inspection, Quarantine, and Eradication Fund (ACPIQEF) for the inspection, quarantine, and eradication of invasive species contained in any air cargo arriving in the State; provides that the ACPIQEF may receive revenues from legislative appropriations, interest earned on moneys deposited, and any other moneys made available to the fund; renames the Agricultural Development and Food Security Special Fund to the Land, Aquaculture, Freshwater, or Sea-Based Food Development and Food Security Special Fund (Food Security Special Fund); and expands the scope of the Food Security Special Fund to include expenditures related to land, aquaculture, freshwater, or sea-based food production.

As a matter of general policy, B&F does not support the creation or continuance of any special fund which does not meet the requirements of Section 37-52.3, HRS.

Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining.

Regarding S.B. No. 668, S.D. 1, H.D. 1, it is difficult to determine whether the ACPIQEF or Food Security Special Fund would be self-sustaining.

Thank you for your consideration of our comments.



HOUSE COMMITTEE ON FINANCE
The Honorable Sylvia Luke, Chair
The Honorable Ty J.K. Cullen, Vice Chair

S.B. NO. 668, S.D. 1, H.D. 1, RELATING TO AGRICULTURE

Hearing: Wednesday, March 31, 2021, 2:30 p.m.

The Office of the Auditor takes **no position** on S.B. No. 668, S.D. 1, H.D. 1, and offers the following comments on Part I of the bill.

Part I of this bill would require the State to “regulate all agricultural imports and inspections” and establish the Air Cargo Pest Inspection, Quarantine, and Eradication Fund. The bill also instructs the Auditor to “conduct a sunrise analysis on the air cargo pest inspection, quarantine, and eradication fund established pursuant to section 1 of this Act.”

We believe the intent of the House Committee on Agriculture was to incorporate language from H.B. 100, H.D. 1, which would have required the auditor to conduct a sunrise analysis on an air cargo pest inspection, quarantine, and eradication fee. We note that “Sunrise Analyses” are typically reserved for reviews of proposed regulatory schemes of previously unregulated professions/vocations pursuant to the provisions of Hawai‘i’s Regulatory Licensing Reform Act which is set forth at Chapter 26H of the Hawai‘i Revised Statutes (HRS). Neither an air cargo pest inspection, quarantine, and eradication fee nor an air cargo pest inspection, quarantine, and eradication fund appear to be the type of “new regulatory measure[] . . . that, if enacted, would subject unregulated professions and vocations to licensing or other regulatory controls” we would typically review in a Sunrise Analysis.

Should the bill move forward, we would request language clarifying the work the Legislature would like us to perform. We are available to work with the Committee on any additional language that may be needed and appreciate the consideration of our testimony on this bill.

DAVID Y. IGE
GOVERNOR OF
HAWAII



SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
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KAHOOLAWE ISLAND RESERVE COMMISSION
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STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

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Testimony of
SUZANNE D. CASE
Chairperson

Before the House Committee on
FINANCE

Wednesday, March 31, 2021
2:30 PM

State Capitol, Via Videoconference, Conference Room 308

In consideration of
SENATE BILL 668, SENATE DRAFT 1, HOUSE DRAFT 1
RELATING TO AGRICULTURE

Senate Bill 668, Senate Draft 1, House Draft 1, proposes to establish an air cargo pest inspection, quarantine, and eradication fund to be managed by the Department of Agriculture (DOA) for the purposes of air cargo inspection. The measure would also rename the agricultural development and food security special fund. **The Department of Land and Natural Resources (Department) is supportive of efforts to increase resources for biosecurity, defers to the DOA on details of how the establishment of this fund may advance its biosecurity goals, and offers the following comments.**

The Department is a close collaborator with the DOA on invasive species issues, primarily through the Departments' mutual work on the Hawai'i Invasive Species Council and the implementation of the Hawai'i Interagency Biosecurity Plan. The Department notes that the establishment of a special fund specific to air cargo inspection may facilitate the expenditure of those funds specifically on inspection, quarantine, and eradication activities at airports.

The Department does not take a position on PART II of this measure, which would rename the Agricultural Development and Food Security Special Fund.

Thank you for the opportunity to comment on this measure.

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

MORRIS M. ATTA
Deputy to the Chairperson

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DEPARTMENT OF AGRICULTURE
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TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON FINANCE

March 31, 2021
2:30 P.M.
VIA VIDEOCONFERENCE

SENATE BILL NO. 668 SD1 HD1
RELATING TO AGRICULTURE

Chairperson Luke and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 668 SD1 HD1. This bill has two parts. Part I requires the State to regulate all agricultural imports and inspections and establishes the air cargo pest inspection, quarantine, and eradication fund. Part II renames the agricultural development and food security special fund as the land-, aquaculture-, freshwater-, or sea-based food development and food security special fund and expands the scope of the special fund to include land-, aquaculture-, freshwater-, or sea-based food production. The Hawaii Department of Agriculture ("Department") has very strong concerns on both Parts and offers comments on this measure.

Regarding Part I of the measure, pursuant to Hawaii Revised Statutes ("HRS") section 150A-5, Conditions of importation, the Department's Plant Quarantine Branch ("PQB") already has the authority to regulate "agricultural imports" and to conduct inspections to determine if regulated articles meet import requirements and are free of insects, diseases or other pests and invasive species. This section already defines what "agricultural imports" are subject to inspection and gives PQB inspectors authority to enter in to and conduct inspections at ports of entry across the state.



The Department is aware of the federal ruling which currently prevents the Department from collecting fees required by the Pest Inspection, Quarantine, and Eradication Fund. The Department appreciates the intent of this measure to correct the issue as it creates a separate fund specifically for air cargo use. However, as currently drafted, this measure would appear to create more conflicts with regards to the collection of the fees, particularly, it does not appear to provide a funding mechanism. Currently, section 150A-5.3, HRS establishes the actual fee amount that is to be charged, including for air freight. However, the fees are deposited into the Pest Inspection, Quarantine, and Eradication Fund. This section would need to be modified to clarify which fees were to be paid to what fund to ensure proper collection and use of said fees.

Lastly, regarding part I of this measure, it appears that the funds from the new fund would be limited to use only on imported goods arriving via air cargo. The interisland movement of regulated commodities, or importation through non-cargo means such as on in the cabin of an aircraft, within personal baggage or as personal effects, are additional pathways for the movement and introduction of pests and invasive species. The Department believes that these pathways should also be included for usage of the new funds so that any insects, diseases, or other pests and invasive species may be appropriately quarantined or eradicated upon detection.

Regarding Part II of the measure, the Department notes that expenditures from the Fund in support of aquaculture operations are allowable under existing statute. Thus, the renaming of the Fund does not improve the Fund's mission nor scope in relation to aquaculture. The insertion of commercial fishermen in section c (1) creates confusion and broadens the Fund's stakeholder group beyond the Department's jurisdiction. Pelagic fisheries are under the federal jurisdiction of the National Oceanic and Atmospheric Association's National Marine Fisheries Service (NOAA-NMFS). Freshwater and recreational fishing are regulated at the state level by the Department of Land and Natural Resources' Division of Aquatic Resources. The various types of allowable projects proposed in this measure involve natural aquatic environments that have different regulatory schemes with which the Department of Agriculture has little experience. Furthermore, the allowable expenditures of Fund monies as prescribed both in current statute and in this measure are tailored and targeted to serve agricultural or aquacultural uses rather than those of commercial fisheries. For example, it is difficult to imagine a commercial fisherman requiring an irrigation system. Act 73 SLH 2010 clearly contemplated the

expansion of agriculture; this measure would significantly change the allowable use of funds. Additionally, the Department has concerns about potential liability associated with extending grants or contracts to entities operating within a federal regulatory framework with which it lacks sufficient expertise.

Furthermore, by limiting boat size to 40 feet or under the measure appears to exclude commercial longline fishing of which the smallest boat is about 43 feet long. A previous study of Hawaii small boat anglers concluded that the average boat size is 18.3 feet with a maximum of 42 feet and noted that pure commercial activity is rare among them. Consequently, inclusion of what appears to be recreational fishing seems contrary and possibly detrimental to the purposes of the Agricultural Development and Food Security Special Fund.

The Department has very strong concerns about its ability to effectively serve both the sea-based fishing industry and its current agricultural/aquacultural stakeholders with Fund expenditures.

Thank you for the opportunity to testify on this measure.



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March 31, 2021

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON SB 668, SD1, HD1
RELATING TO AGRICULTURE

Conference Room 308
2:30 PM

Aloha Chair Luke, Vice-Chair Cullen, 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 1,800 farm family members statewide and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawaii Farm Bureau supports SB 668, SD1, HD1, PART I, which requires the State to regulate all agricultural imports and inspections and establishes the air cargo pest inspection, quarantine, and eradication fund. **HFB also supports Part II** which renames the agricultural development and food security special fund as the land-, aquaculture-, freshwater-, or sea-based food development and food security special fund and expands the scope of the special fund to include land-, aquaculture-, freshwater-, or sea-based food production.

Agriculture in Hawaii has been hard-hit by the spread of invasive species. Coffee Berry Borers, Two-Lined Spittle Bugs, Little Fire Ants, Macadamia Felted Coccid, fireweed, gorse, fruit flies, parakeets, and varroa mites are only a few of the species that have made local farmers' lives and livelihoods that much more difficult. While efforts are being made to double food production to boost Hawaii's self-sufficiency, these destructive invaders are causing some to give up their farms. Can you imagine working on a farm where dozens of nearly invisible ants drop from trees, get inside your clothing, and bite into your flesh, causing welts that last for days? Or dreading the sight and potential consequences of an encounter with a venomous snake as you toil in your field of crops, should snakes not be prevented from entering and becoming rampant throughout the islands.

This measure is necessary as one way to provide the additional resources to HDOA to combat the damage to farms and ranches and the further destruction of native ecosystems, property values, and our quality of life by funding for an air cargo biosecurity

program to inspect, quarantine, prevent, and eradicate the invasive species arriving in Hawaii.

The barrel tax was intended to support critical investments in clean energy, local agricultural production, and environmental response to reduce the State's dependence on imported fossil fuels and food products. As an organization opposed to new taxes, HFB took an unusual step by supporting the environmental response, energy, and food security tax, or barrel tax. It was a desperate move by the industry to secure stable funding for Hawaii's agricultural industry.

The barrel tax was originally intended to increase local capacity to grow and produce import replacement products in order to fulfill the State's vision for increased self-sufficiency and sustainability. During the economic downturn, proceeds from this fund were reallocated to balance the budget. We appreciate that the remaining funds continue to benefit agriculture.

Hawaii's aquaculture industry farm gate value is \$76,400,000, the third-highest contribution to the economy in diversified agriculture. Hawaii's favorable climate and geography allow for inherent advantages benefitting aquaculture production.

The Legislature acknowledged the importance of Hawaii's aquaculture industry by revitalizing the Aquaculture Development Program through Act 63, SLH 2019. However, more investment and research into the aquaculture industry is needed, including investment and research into different types of aquaculture, aquaculture system optimization, economic implications of various methods of aquaculture production, and sustainable scaling methods.

We support the inclusion of aquaculture production as allowable expenses of the barrel tax.

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



Young Progressives Demanding Action
P.O. Box 11105
Honolulu, HI 96828

March 29, 2021

TO: HOUSE COMMITTEE ON FINANCE
RE: Testimony in Opposition to SB664 SD1 HD1

Dear Representatives,

Young Progressives Demanding Action (YPDA) stands in **strong opposition** of SB664 SD1 HD1, which would require the Department of Public Safety to construct a massive new jail in Hālawā, conservatively estimated to cost \$525 million, in the midst of an economic crisis.

Overcrowding in our jails and prisons is a real problem. But it's a problem that was born of deliberate policy choices that have created a costly and inhuman system of mass incarceration.

A bigger jail won't reduce overcrowding as long as these mass incarceration policies define our "justice" system. If the system is designed to lock people up, it will lock people up. Therefore, the larger size of the jail will only facilitate higher rates of mass incarceration.

Mass incarceration [fails to keep us safer](#). In fact, there is some evidence that the damage it does to people and communities can actually increase crime rates.

Constructing and operating a costly new facility will therefore be a waste of taxpayer dollars at a time when we don't have any to spare.

Instead, we must implement what David R. Karp and Todd R. Clear, in their essay "[Community Justice: A Conceptual Framework](#)" (2000), refer to as "community justice" solutions. We should:

- End the use of monetary bail.
- Legalize (and therefore decriminalize) cannabis use.
- Expand community supervision for nonviolent offenders, including parole and probation.
- Divert people to mental health and drug treatment services whenever possible.

- End mandatory sentencing and “Three Strikes” laws.

We also need to dismantle the systemic racism baked into the criminal justice system that leads to mass incarceration and over-policing of communities & people of color in the first place. We need to, instead, implement anti-racist policies that confront and heal the generational trauma caused by White Supremacy.

Community justice policies will be far more effective at reducing our incarcerated population, while simultaneously saving taxpayers money, keeping communities safer and actually achieving real justice. These restorative, rather than punitive, solutions seek to heal and restore troubled people, returning them back to society in a condition in which they can contribute and live purposeful lives.

This bill—and the construction of a new jail—represents a doubling down on failed policy: building newer, larger incarceration facilities and, thereby, anchoring our society more firmly to an antiquated and injurious system of mass incarceration with a poor track record of reducing crime and a legacy of destroying lives and communities.

The United States now has the highest incarceration rate in the world. Between 1970 and 2010, the number of people incarcerated in the United States grew by 700 percent. We now incarcerate almost a quarter of the prisoners in the entire world, while representing only 5 percent of the world’s population. At no other point in U.S. history—even when slavery was legal—have so many people been deprived of their liberty.

We have an opportunity to pivot away from mass incarceration, from racist policies and from criminalization of poverty. Please kill this bill. Instead, support bills that will use community justice and antiracist policies to reduce our incarcerated population. At that point, the cost to fix up existing facilities, or build a much smaller one, can be discussed. But our ultimate goal should be to get to a point at which very few people, if any at all, need to be incarcerated.

Mahalo for the opportunity to testify,

Will Caron
Board President & Secretary
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