

STAND. COM. REP. NO. 265

Honolulu, Hawaii

**FEB 16 2021**

RE: S.B. No. 495  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred S.B. No. 495 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Authorize agricultural cooperative associations and consumer cooperative associations to operate as agents to sell the products of their members and nonmember patrons on a nonprofit basis, under certain conditions;
- (2) Allow agricultural cooperative associations and consumer cooperative associations to convert to cooperative associations;
- (3) Authorize an agricultural cooperative association to be formed for purposes in connection with leasing land to its members;
- (4) Authorize the articles or bylaws of an agricultural cooperative association to provide for referendum upon the affirmative vote of two-thirds of its members voting at any meeting; and



- (5) Exempt membership stock or membership certificates issued by a cooperative and preferred stock, equity, or notes issued to members of a cooperative.

Your Committee received testimony in support of this measure from the University of Hawai'i System; Earth Law Center; EcoTipping Points Project; Ulupono Initiative LLC; Land Use Research Foundation of Hawaii; The Kohala Center; GoFarm Hawai'i; Moloka'i Livestock Cooperativ; Hawai'i 'Ulu Cooperative; Hawaii Cattlemen's Council, Inc.; Hawai'i Farm Bureau; and nine individuals. Your Committee received comments on this measure from the Department of Agriculture and Department of Commerce and Consumer Affairs, Business Registration Division.

Your Committee finds that a cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity.

Your Committee further finds that when an agricultural cooperative incorporates, the members choose between one of two cooperative statutes, one relating to agriculture cooperatives and the other relating to consumer cooperatives; however, these statutory options limit cooperatives that are pursuing multi-stakeholder and worker models. Currently, the statutes limit cooperative membership to specific members of farmers and consumers, which do not work for all cooperative structures. Additionally, updates to the current cooperative structure will allow for expanded lawful practices within cooperatives that provide additional benefit for cooperative member businesses, including the resale of member products on a non-profit basis and the acceptance of services and labor from volunteers. To provide cooperatives with greater flexibility in defining membership and organizational structure, many states offer a general cooperative statute. This measure adopts a general cooperative statute to encourage the use of the cooperative model by allowing many different types of business activities to form as cooperatives and diverse stakeholders to form a single cooperative. This measure allows for a broader membership base that would facilitate diverse member financing and lessen the fundraising challenges experienced



by cooperatives that have difficulty acquiring finances from conventional lending institutions.

Your Committee also notes that this measure includes "sacred species and natural ecosystems" in the definition of "person." The expanded definition of "person" expresses a way in which cooperatives can give a voice to nature and is an important step toward placing Hawaii at the forefront of a global movement aligned with its cultural values.

Your Committee has amended this measure by:

- (1) Amending the title of chapter 421C-36, Hawaii Revised Statutes, to reflect its amended purpose; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Agriculture and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 495, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 495, S.D. 1, and be referred to your Committee on Commerce and Consumer Protection.

Respectfully submitted on  
behalf of the members of the  
Committee on Agriculture and  
Environment,



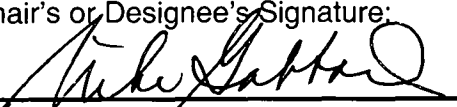
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MIKE GABBARD, Chair



The Senate  
Thirty-First Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Agriculture and Environment**  
**AEN**

Bill / Resolution No.:* <b>SB 495</b>	Committee Referral: <b>AEN, CPN</b>	Date: <b>02/08/2021</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	✓			
NISHIHARA, Clarence K. (VC)	✓			
ACASIO, Laura	✓			
RHOADS, Karl	✓			
FEVELLA, Kurt	✓			
<b>TOTAL</b>	<b>5</b>			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original                              Yellow                              Pink                              Goldenrod File with Committee Report              Clerk's Office                              Drafting Agency                              Committee File Copy				

\*Only one measure per Record of Votes