



**UNIVERSITY OF HAWAII SYSTEM**

**‘ŌNAEHANA KULANUI O HAWAII**

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

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Testimony Presented Before the  
House Committee on Finance  
Thursday, February 23, 2023 at 11:30 a.m.

By

Della Teraoka

Interim Associate Vice President for Academic Affairs, Community Colleges  
University of Hawai'i System

HB 1426 HD1 – RELATING TO VALUE-ADDED PRODUCTS

Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

The University of Hawai'i supports the intent of HB 1426 HD1, which establishes under the Agribusiness Development Corporation a “food and product innovation network” providing access to facilities, resources, expertise and education to capitalize on the “Made in Hawai'i” brand and supporting the strengthening and diversification of the local agriculture economy.

Synergies between network members can expand access statewide, and leverage resources while avoiding unnecessary duplication in support of innovation and business development.

The University of Hawai'i supports the intent of HB 1426 HD1, as long as its passage does not replace or adversely impact priorities as indicated in our BOR Approved Budget.

Thank you for the opportunity to provide testimony in support of HB 1426 HD1.

**JOSH GREEN, M.D.**  
Governor

**SYLVIA LUKE**  
Lt. Governor



**SHARON HURD**  
Chairperson, Board of Agriculture

**MORRIS M. ATTA**  
Deputy to the Chairperson

State of Hawai'i  
**DEPARTMENT OF AGRICULTURE**  
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**TESTIMONY OF SHARON HURD**  
**CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEE ON FINANCE**

**THURSDAY, FEBRUARY 23, 2023**  
**11:30 A.M.**  
**CONFERENCE ROOM 308 AND VIDEO CONFERENCING**

**HOUSE BILL NO. 1426 HD1**  
**RELATING TO VALUE-ADDED PRODUCTS**

Chair Yamashita and Members of the Committee:

Thank you for the opportunity to present testimony on House Bill 1426 HD1. This bill establishes a food and product innovation network within the Agribusiness Development Corporation (ADC) and appropriate moneys for food and product innovation facilities on the islands of Molokai and Oahu.

The Department of Agriculture supports this measure and provides the following comments. With the COVID-19 pandemic behind us, this new initiative will provide the catalyst for launching innovations in food products, processing technology, packaging processes, creative food supply chain logistics, and novel marketing channels for both local and export markets. Innovation further drives economic efficiencies and raises a competitive advantage. Global competition requires incorporating the latest innovations available for Hawaii producers.

Thank you again for the opportunity to testify on this measure.



**JOSH GREEN, M.D.**  
Governor

**SYLVIA LUKE**  
Lt. Governor



**JAMES J. NAKATANI**  
Executive Director

STATE OF HAWAII  
**AGRIBUSINESS DEVELOPMENT CORPORATION**

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Phone: (808) 586-0186 Fax: (808) 586-0189

**TESTIMONY OF JAMES J. NAKATANI**  
**EXECUTIVE DIRECTOR**  
**AGRIBUSINESS DEVELOPMENT CORPORATION**

**BEFORE THE COMMITTEE ON FINANCE**

Thursday, February 23, 2023

11:30 a.m.

**VIA VIDEO CONFERENCING**

Conference Room 308

**HOUSE BILL NO. 1426, H.D. 1**  
**RELATING TO VALUE-ADDED PRODUCTS**

Chair Yamashita, Vice Chair Kitagawa and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 1426, H.D. 1. The Agribusiness Development Corporation (ADC) supports this measure, which establishes a food and product innovation network within the Agribusiness Development Corporation and appropriates moneys for food and product innovation facilities on the islands of Molokai and Oahu.

The ADC appreciates any support from the Legislature to help it make optimal use of agricultural assets for the economic, environmental, and social benefit of the people of Hawaii. The ADC concurs that agencies involved in the creation and development of value-added products should establish a network to share expertise. The sharing of information and ideas is invaluable and will help foster entrepreneurs and spur economic development statewide.

We support this bill provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget. Thank you for your consideration of our testimony.

**HB-1426-HD-1**

Submitted on: 2/22/2023 9:18:52 AM

Testimony for FIN on 2/23/2023 11:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Douglass S. Adams	Department of Research and Development, County of Hawaii	Support	Written Testimony Only

Comments:

Chair Yamashita, Vice Chair Kitigawa, and Members of the Committee on Finance:

Thank you for the opportunity to testify in SUPPORT of HB1426 HD1, which establishes a food and product innovation network within the Agribusiness Development Corporation and appropriates funds for food and product innovation facilities on the islands of Molokai, Oahu, and Hawai'i. This network on the Island of Hawai'i will merge effectively with the 2021 Food System Study and the Build Back Better Regional Challenge coalition strategy that highlight the need to build on existing capacity for production, aggregation and distribution to support the path towards food security.

We encourage the Committee to forward HB1426 HD1 with a POSITIVE recommendation for passage by the House.

very respectfully,

Douglass S Adams

Director, Research & Dvelopment

County of Hawai'i



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

HOUSE COMMITTEE ON FINANCE  
Thursday, February 23, 2023 — 11:30 a.m.

**Ulupono Initiative supports HB 1426 HD1, Relating to Value-Added Products.**

Dear Chair Yamashita 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 the 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 choices, and better management of freshwater resources.

**Ulupono supports HB 1426 HD1**, which establishes a food and product innovation network within the Agribusiness Development Corporation and appropriates moneys for food and product innovation facilities on the islands of Molokai, O'ahu, and Hawai'i.

According to the USDA, U.S. farm establishments received 14.5 cents per dollar spent on domestically produced food in 2021. This was the lowest recorded farm share value in nearly three decades.<sup>1</sup> In Hawai'i, leaf lettuce growers receive \$2–\$4 per pound for raw product. Some of these leaf lettuce growers add value to their product by washing, cutting, packaging and mixing multiple leaf lettuce varieties into retail ready clamshell boxes. By doing this minimal value-added processing, these leaf lettuce growers can increase their price to \$9–\$12 per pound.

Another way farmers can increase their profitability is to create value-added products with their off-grade produce. Off-grade produce can be perfectly edible, but might not be “good looking” enough for grocery shoppers. Depending on the type of produce, the percentage of a harvest that might be classified as off-grade can range from 10% to 40%.<sup>2</sup> Farmers have trouble selling off-grade produce, so it is often wasted. By figuring out innovative ways to add value to off-grade produce, farmers will be able to utilize more of their harvest and generate profit from produce that would otherwise go unused.

As Hawai'i's local food issues become increasingly complex and challenging, local producers and local food entrepreneurs will need additional resources and support to address and overcome them. We appreciate this committee's efforts to look at policies that support local food production and the success of our farmers and ranchers.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata  
Director of Government Affairs

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<sup>1</sup> <https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=105281#:~:text=U.S.%20farm%20establishments%20received%2014.5.value%20in%20nearly%20three%20decades.>

<sup>2</sup> [https://www.salon.com/2019/09/08/study-finds-farm-level-food-waste-is-much-worse-than-we-thought\\_partner/](https://www.salon.com/2019/09/08/study-finds-farm-level-food-waste-is-much-worse-than-we-thought_partner/) and <https://www.sciencedirect.com/science/article/pii/S0921344919301296>



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February 23, 2023

HEARING BEFORE THE  
HOUSE COMMITTEE ON FINANCE

**TESTIMONY ON HB 1426, HD1**  
RELATING TO VALUE-ADDED PRODUCTS

Conference Room 308 & Videoconference  
11:30 AM

Aloha Chair Yamashita, Vice-Chair Kitagawa, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

**The Hawai'i Farm Bureau supports HB 1426, HD1**, which establishes a food and product innovation network within the Agribusiness Development Corporation and appropriates moneys for food and product innovation facilities on the islands of Molokai, Oahu, and Hawai'i.

As expenses rise, increases in farm revenues and profits are critical to the continued viability of farms and ranches. One way farmers can do this is by "adding value" to raw agricultural crops. Currently, off-grade and excess production is sometimes wasted due to market conditions. Converting them into value-added products will not only increase farm revenue but also provide new business opportunities, increase employment opportunities, and address Hawai'i's goals of increased self-sufficiency and sustainability.

High production costs are a major driver of narrow profit margins for Hawai'i's farmers and value-added food producers. Labor, taxes, land, transportation, utilities, and supplies are all costs of doing business that often results in value-added food producers just being able to break even.

If a Hawai'i farmer or entrepreneur wants to process an off-grade product into a value-added product they are usually forced to send it to the mainland because Hawai'i lacks value-added processing facilities. This cost of transportation to and from the mainland is often enough to discourage farmers from pursuing value-added production.

Hawai'i is potentially losing millions of dollars because of the cost to process agricultural crops into value-added products. A network of food and value-added facilities in Hawai'i will support the production of new value-added products so that farmers can increase

their income while allowing locally produced value-added goods can compete with imported products, and expand into new export markets, strengthening our local economy.

The strength of Hawai'i's economy is dependent upon a diversity in commerce that is resilient to economic downturns and aggressive in creating new growth opportunities.

Thank you for the opportunity to testify on this measure.





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#### **Executive Officers**

**Eddie Asato**, Pint Size Hawaii, *Chair*  
**Gary Okimoto**, Safeway, *Vice Chair*  
**Maile Miyashiro**, C&S Wholesale, *Secretary/Treas.*  
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**John Schilf**, Rainbow Sales and Marketing, *Advisor*  
**Paul Kosasa**, ABC Stores, *Advisor*  
**Derek Kurisu**, KTA Superstores, *Advisor*  
**Toby Taniguchi**, KTA Superstores, *Advisor*  
**Joe Carter**, Coca-Cola Bottling of Hawaii, Odom, *Advisor*  
**Charlie Gustafson**, Tamura Super Market, *Immediate Past Chair*

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TO: Committee on Finance

FROM: HAWAII FOOD INDUSTRY ASSOCIATION  
Lauren Zirbel, Executive Director

DATE: Thursday, February 23, 2023  
TIME: 11:30am  
PLACE: Via Videoconference

RE: HB1426 HD1 Relating to Value-Added Products

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

HFIA is in support of this measure. Increasing local food production and manufacturing helps build a more diverse economic foundation for our state. Increasing local food production also makes our food systems more resilient and sustainable.

HFIA has proudly produced the Made in Hawaii Festival for over 25 years and we know first hand the value and importance of locally made products. We also know that there is huge potential for growth in our local manufacturing sector. Establishing a food and product innovation network is an important step that state can take to help this sector grow and thrive for the benefit of Hawaii makers, Hawaii consumers, and Hawaii's economy.

We encourage you to pass this measure and we thank you for the opportunity to testify.



# THE FOOD BASKET

## HAWAI'I ISLAND'S FOOD BANK

February 22, 2023

To: The Honorable Representative Kyle T. Yamashita, Chair  
The Honorable Representative Lisa Kitagawa, Vice Chair  
Committee on Finance

From: Kristin Frost Albrecht, Executive Director  
The Food Basket, Hawaii Island's Food Bank

EXECUTIVE DIRECTOR

KRISTIN FROST ALBRECHT

BOARD OF DIRECTORS

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SAMANTHA COLLINS

### **Testimony in Strong Support of an Amendment to HB1426 HD1, Relating to Value-added Products**

Aloha, Chair Yamashita and Vice Chair Kitagawa,

My name is Kristin Frost Albrecht, and I am the Executive Director of The Food Basket Inc., Hawai'i Island's Food Bank (TFB). Our mission is to "End hunger in Hawaii County". We strongly support this bill that will establish the food and product innovation facility on Hawai'i Island that has been in development with the County of Hawai'i Coalition, funded through the Phase 1 of the Economic Development Administration Building Back Better grant awarded in December 2021. The facility will be a state-of-the-art Agriculture Innovation Center and is in process of being developed on 24.4 acres on Ponahawai St. in Hilo as part of the project known as the Agriculture Innovation Park and Food System Campus (AIPFSC).

To meet the growing hunger and economic challenges in Hawai'i, TFB is developing the AIPFSC to provide safe, nutritious, fair, and affordable food that increases economic prosperity within the region. The campus will significantly increase commercial food production for import substitution and regional economic growth by supplying aggregation, value-added, and distribution capacity to provide food producers with the supply chain integration needed to increase income and job creation in the agricultural cluster. The project is focused on sustaining viable agriculture and ecosystems to meet the challenges resulting from the pandemic, recent natural disasters, and ongoing climate change impacts. Using an inclusive community-led planning and design process, TFB will construct the Agriculture Innovation Center. The state-of-the-art facility will support agricultural production and processing, increasing the economic opportunity of local

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producers and food-related businesses, as well as highly paid skilled jobs within the Hawai'i Island region. The facility is a central component in the County of Hawai'i Coalition's commitment to building a transformative and resilient agricultural and food landscape for future generations in the Hawai'i region.

This innovative, value-added production-focused facility will provide spaces and mechanisms to bring island products to market with equipment for food manufacturing, processing, and co- packing. The center is based on system needs identified in the Hawai'i Island Agriculture and Food System Study led by the Hawai'i Island Agricultural Partnership (HIAP) and Hawai'i Island Food Alliance (HIFA). The study identified the need for processing, co-packing, and co- manufacturing capacity for food operations and agricultural operations on the island. The center will include: a) Culinary/Value Added Agricultural Production Space for farmers/small producers and community members; b) Commercial Kitchen Space for volume food preparation for food access needs; c) Training Kitchen Space for workforce training (including the master food preservers program); d) Food Science Lab Space for state of the art product development; e) Food Manufacturing Processing Lines to allow small product manufacturers and/or farmers to scale (high pressure pasteurization), dehydration, individual quick freezing, bottling, canning, packaging); f) Co-manufacturing and co-packing offerings; g) Individual agriculture and/or food Production Spaces.

We respectfully ask your committee to pass this bill to establish the Agriculture Innovation Center to develop the food and product innovation network of open-access food and value-added product development facilities that will enable businesses to scale up new products from research and development to manufacturing and commercialization on Hawai'i Island.

Thank you for the opportunity to testify.



Kristin Frost Albrecht  
Executive Director, The Food Basket Inc., Hawai'i Island's Food Bank