

HB-531-HD-2

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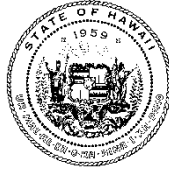
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Brian Kau	Hawaii Department of Agriculture	Oppose	No

Comments:

Available for questions.

DAVID Y. IGE
GOVERNOR



BONNIE KAHAKUI
ACTING ADMINISTRATOR

STATE OF HAWAII
STATE PROCUREMENT OFFICE

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TESTIMONY
OF
BONNIE KAHAKUI, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE ON
FINANCE
FEBRUARY 25, 2021, 12:00 P.M.

HOUSE BILL 531, HD2
RELATING TO AGRICULTURAL LANDS

Chair Luke, Vice Chair Cullen, and members of the committee, thank you for the opportunity to submit testimony on HB531, HD2. The State Procurement Office (SPO) opposes placement of the revised language in Chapter 103D, Hawaii Revised Statutes (HRS), Hawaii Public Procurement Code.

In Chapter §103D-104, "Goods" means "all property, including but not limited to equipment, equipment leases, materials, supplies, printing, insurance, and processes, including computer systems and software, **excluding land or a permanent interest in land, leases of real property, and office rentals.**" Therefore, the language in this bill is not appropriate for 103D.

Thank you.

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

MORRIS ATTA
Deputy to the Chairperson

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TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON FINANCE

February 25, 2021

12:00 P.M.

CONFERENCE ROOM 308

HOUSE BILL NO. 531, HD2
RELATING TO AGRICULTURAL LANDS

Chairperson Luke and Members of the Committee:

Thank you for the opportunity to testify on House Bill 531, HD2. This bill requires a state contract for the purchase of produce to include an option to lease an appropriate amount of state agricultural lands under the control of the department of agriculture of sufficient area and quality to produce crops being procured. The Hawaii Department of Agriculture ("Department") opposes this bill and respectfully asks that it be deferred or held.

The requirements for leasing lands under the jurisdiction of the Department are clearly prescribed by statutes and rules to ensure that only qualified applicants are eligible to lease lands in its inventory. Ordinarily, a competitive, non-public auction is required for issuance of a lease to ensure that all qualified and eligible applicants have a fair and equal opportunity to use agricultural public lands as well as encouraging sound business planning and well thought out marketing strategies. Applicants are



given the freedom to freely market to wholesalers, consumers, consolidators, restaurants, farmers markets, or any interested party, both private and public, as may be appropriate to achieve their business objectives. While this measure continues to allow the competitive procurement of produce, by mandating and linking a lease option with a procurement contract, it creates a preference and priority for a successful bidder and circumvents fair and competitive access to the Department's land inventory without establishing clear criteria for qualifications and eligibility. This preference and priority is unfair and detrimental to farmers who are unable or may not wish to contract with a state agency but are still capable of making major contributions to the local economy.

The "notwithstanding any other law to the contrary..." language on page 3 allows any or all of our eligibility requirements to be disregarded in the leasing process. Currently, only bonafide farmers or farming entities can apply for and hold our leases. This eligibility requirement ensures the land is being used by experienced farmers, and not just any business or individual that wins a bid to provide produce that may know nothing about operating a farm.

The Department's land leasing programs ordinarily have minimum lease terms of 15 years. The longer term allows a farmer to invest in and make improvement to the land and provides long term stability. A "contractor" who is only awarded a single season procurement contract could gain a windfall in the form of a valuable long-term lease after fulfilling a short-term contract.

Under this measure, it is conceivable that a "contractor" who wins multiple consecutive contracts could accumulate and monopolize the use of significant tracts of public land as each subsequent contract provides an additional opportunity to lease, without demonstrating a distinct need for additional acreage.

In summary, the Department respectfully opposes this measure for the reason stated above. Thank you for the opportunity to testify on this measure.



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February 25, 2021

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON HB 531, HD2
RELATING TO AGRICULTURAL LANDS

Conference Room 309
8:30 AM

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 the intent of HB 531, HD2, which requires a state contract for the purchase of produce to include an option for the contractor supplying produce to lease state agricultural lands under the control of the department of agriculture of sufficient area and quality to produce the crops being procured and establishes a process for the college of tropical agriculture and human resources of the university of Hawaii to identify appropriate land to be leased.

HFB strongly supports the increased use of locally grown agricultural products, fruits, vegetables, meats, dairy, and poultry products in our schools and other public institutions. We also advocate for public policies and incentives that provide for viable farming and ranching activities on agricultural lands thereby retaining agricultural lands for future generations. Lands capable of supporting viable agricultural activities should be protected and kept in agriculture for agricultural production.

We support the retention of agricultural lands in blocks of contiguous, intact, and functional land units large enough to allow **flexibility** in agricultural production and management and discourage the fragmentation of agricultural lands to non-agricultural uses. Lands zoned for agriculture should be used primarily for productive agricultural purposes, including family farming.

HFB appreciates the intent of this measure to provide an option for farmers that supply produce to state institutions to lease HDOA agricultural lands. We defer to HDOA and CTAHR as to their ability to implement this program.

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