

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

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TESTIMONY OF JAMES J. NAKATANI
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, February 22, 2022
10:00 A.M.

SENATE BILL NO. 2473
RELATING TO ECONOMIC DEVELOPMENT

Chairperson Dela Cruz, Vice Chair Keith-Agaran, and Members of the Senate Committee on Ways and Means.

Thank you for the opportunity to testify on Senate Bill No. 2473. The Agribusiness Development Corporation (ADC) submits comments on this measure, which transfers the ADC from the Hawaii Department of Agriculture (HDOA) to the Department of Business, Economic Development, and Tourism (DBEDT).

Transferring the ADC from HDOA to DBEDT could be beneficial to the State because its goals and objectives supports DBEDT's mission, which is to achieve a Hawaii economy that embraces innovation and is globally competitive, dynamic and productive, providing opportunities for all Hawaii citizens. HDOA's priority and primary functions are regulatory and enforcement, which mean non-regulatory functions are secondary. This includes a long-term vision and overall plan for economic development to support operations such as ADC.

Thank you for your consideration of our testimony.



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR
MIKE MCCARTNEY
DIRECTOR
CHUNG I. CHANG
DEPUTY DIRECTOR

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Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the

SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, February 22, 2022
10:00 AM

State Capitol, Conference Room 211 & Videoconference

In consideration of
SB2473, SD1
RELATING TO ECONOMIC DEVELOPMENT.

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) supports SB2473, SD1, which transfers the administrative attachment of the Agribusiness Development Corporation (ADC) from the Department of Agriculture to DBEDT.

As the lead agency in the Executive branch in achieving a Hawaii economy that embraces innovation and is globally competitive, dynamic, and productive to provide opportunities for all Hawaii's citizens, we look forward to supporting ADC in its mission of commercial agriculture development. In our most recent assessment, properly supporting ADC would require a fiscal accountant position and a procurement officer.

Thank you for the opportunity to testify.

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

MORRIS M. ATTA
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
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**TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

FEBRUARY 22, 2022

10:00 a.m.

Via VIDEOCONFERENCE & CONFERENCE ROOM 211

**SENATE BILL NO. 2473 SD1
RELATING TO ECONOMIC DEVELOPMENT**

Chairperson Dela Cruz and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 2473 SD1. This measure transfers the administrative attachment of Agribusiness Development Corporation (ADC) from the Hawaii Department of Agriculture (HDOA) to the Department of Business, Economic Development, and Tourism (DBEDT). HDOA supports the intent of this measure and offers comments.

Innovative strategies are an effective means to achieve the ambitious and important goals of the State. The pandemic driven economic shut down and reset has presented Hawaii with a unique opportunity to rebuild its economy into a vibrant and globally competitive environment to re-imagine government operations and career opportunities for all Hawaii residents. The transfer of ADC from HDOA to DBEDT may support this objective by aligning similar goals of DBEDT's and ADC's respective missions to spur economic development.



Unlike ADC and DBEDT, HDOA's priorities and functions are primarily regulating, managing, and supporting the existing agricultural industry and community. HDOA continues to support the agricultural community and pursue and protect policies, programs, and outcomes that are in the best interests of agriculture. While the HDOA appreciates the intent of this measure to optimize rapid economic development through a focused restructuring of government, we are, however, concerned about possible unforeseen impacts that may occur from a disentanglement of our operational relationship with ADC.

Thank you for your consideration of our testimony.

SB-2473-SD-1

Submitted on: 2/20/2022 4:25:24 PM

Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Megan Fox	Testifying for Malama Kaua'i	Oppose	No

Comments:

This bill will not address the longstanding structural problems that have led to the failures of the ADC but simply shift the problem to another agency. HB2418 seems a much more effective piece of legislation to address these issues.



Senate Committee on Ways & Means

Hawai'i Alliance for Progressive Action (HAPA) Opposes: SB2473 SD1

Tuesday, February 22nd, 2022 at 10:00a.m. Conference Room 211

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee,

Hawai'i Alliance for Progressive Action (HAPA) **opposes SB2473 SD1** and the transfer of the administrative attachment of the Agribusiness Development Corporation (ADC) from the Department of Agriculture to the Department of Business, Economic Development, and Tourism (DBEDT).

In January of 2021 the State Auditor released its audit report to the legislature and found that in its nearly 30 year history, the Agribusiness Development Corporation “has done little to support the development of diversified agriculture and fill the economic void created by the demise of sugar and pineapple”.¹

The ADC Should Be Aligned w/ State Mandates to Increase Local Food Production

Since the creation of the ADC, the state has shifted its focus from agricultural production for export towards increasing Hawaii's food production for local consumption and public procurement. The state has enacted policies to increase state procurement of locally grown and raised food, initiated a robust state-wide farm to school program and set benchmarks for the percentages of local food procurement. To successfully meet these state policies for increased procurement of local food, the management of agricultural lands under the state's purview must be aligned to support these mandates. It is not clear how removing the agency from agricultural expertise within the DOA will support those mandates.

The ADC is Lacking in Agricultural Expertise

One reason attributed to the agencies failings is a lack of food production or food systems expertise on the staff or board of the ADC, along with the absence of a strategic planning process (which is mandated by statute) that meaningfully engages a broad array of food producers input. In fact during the audit process the ADC Executive Director admitted that “no one here has deep agricultural experience”². The audit finds that “even if ADC had the correct strategy in place, it does not have the staff to do the work of an industry leader.”³ Food producers and the organizations that represent them are intimately acquainted with the challenges faced on the ground. Moving the ADC out of the Department of Agriculture will further alienate the agency from the knowledge and expertise needed to inform the ADC on how it can successfully meet state goals for ramping up local food production.

¹ ADC Audit (page 1)

² ADC Audit (page 11)

³ ADC Audit (page 11)

While some business and economic development expertise should certainly guide the effort of increasing local food production enterprises in Hawaii, an agency tasked with catalyzing the transition from pineapple and sugar to diversified agriculture must be well versed in the needs of the agricultural sector. Moving the agency into DBEDT would only further alienate the agency from its key stakeholders. The agency does not need to be housed under DBEDT to access business and economic development acumen.

Farmers Identify Access to Affordable Land as a Major Barrier:

Multiple farmer surveys have been conducted which consistently find access to affordable land as the primary barrier that farmers face.^{4 5} The ADC could be leading the way in ensuring that farmers have access to the ADC inventory of lands, along with a clear and equitable process of applying for ADC leases that are sized to a variety of farmer/food producers needs. However, the audit found that “when we requested documents we believed would be essential to the day-to-day operations of a corporation that manages land and properties – such things as land management policies, land acquisition guidelines, inventories of land holdings, and tenant listings – we were informed that the requested materials did not exist and would need to be assembled.”⁶ It is not clear how moving the agency from DOA to DEBDT will remedy this shortcoming.

ADC Reform Requires a More Comprehensive Approach:

Furthermore, the failings of the agency are various and reform will require a more comprehensive approach. The House Investigatory Committee has developed a set of recommendations based on a careful analysis of the audit findings and recommendations.

We respectfully request that the Senate consider adopting a more comprehensive approach to ADC reform and oppose SB2473 SD1. Thank you for your consideration.

Respectfully,



Anne Frederick
Executive Director

⁴ Malama Kaua'i Farmer Survey <https://secureservercdn.net/45.40.148.147/i79.5c3.myftpupload.com/wp-content/uploads/2019/06/2017-Kauai-Farmer-Survey-Report.pdf>

⁵ Hawaii Farmers Survey <https://www.hawaiifarmersurvey.com/>

⁶ ADC Audit (page 17)



**Hawai'i Food+ Policy
Testimony in Opposition to SB2473**

February 22, 2022

To the honorable members of the Hawai'i State Senate Ways & Means Committee:

Hawai'i Food+ Policy expresses our **opposition to SB2473**. As it does not make sense to transfer an agriculture-based agency under a department that has valued development as its primary source of economic development.

In light of the recent audit, it is clear that resources are better allocated to directly benefit our farmers rather than further bureaucracy and mismanagement from this agency. The ADC has had over 25 years to help revitalize Hawai'i's Agricultural Industry and yet we ask ourselves today, where are the results? We would recommend that the ADC be repealed and resources allocated to directly support our farmers and other existing government programs that have demonstrated their ability to bolster our food systems. **There are other ways and means which can support our farmers.**

The Honolulu Civil Beat reported on January 14, 2021, that "In recent years, the Legislature has appropriated more than a quarter of \$1 billion to the ADC, including about \$23.4 million for operations and \$238 million for capital investments. But it has been difficult at times for lawmakers to determine where that money had gone and how well the corporation had been fulfilling its duties." To have a mystery of where a quarter of \$1 billion has gone is beyond concerning and raises questions of whether such an agency should continue operation. An ongoing House investigation into the auditor has opened the door for public speculation into the integrity of our elected officials.

Therefore, there remains a need to take action that will bolster the public's faith in our elected officials. The public needs to see money well spent with tangible results that we can enjoy. Such as alternative means to bolster our food systems to provide locals with affordable healthy foods. Such as:

1. Removing the GET tax on organic produce;
2. Leasing Agricultural lands for the purpose of producing food, not GMO or chemical test sites;
3. Development of added value sites; and
4. Development of affordable farm plots.

Hard-earned taxpayer dollars should not be used to feed a machine that is broken. It is time for the State to pursue other avenues to revitalize Hawai'i's agricultural industry and take more

bottom-up methods to work with and directly serve communities. We must build from the bottom-up rather than filtering resources down, with farmers and those working within the food system industry receiving the pennies of the pot.

Mahalo for taking the time to read this testimony and please vote no on SB2473.

Mahalo,
Bronson Azama

SB-2473-SD-1

Submitted on: 2/20/2022 4:31:12 PM

Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
John NAYLOR	Individual	Oppose	No

Comments:

Aloha,

I oppose SB 2473 as written

Sincerely, JN Makawao

SB-2473-SD-1

Submitted on: 2/20/2022 5:23:58 PM

Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
B.A. McClintock	Individual	Oppose	No

Comments:

Please oppose this bill!

This bill will not address the longstanding structural problems that have led to the failures of the ADC but simply shift the problem to another agency.

SB-2473-SD-1

Submitted on: 2/20/2022 7:35:19 PM

Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Sherry Pollack	Individual	Oppose	No

Comments:

I oppose SB2473 SD1. This bill will not address the longstanding structural problems that have led to the failures of the ADC but simply shift the problem to another agency. The ADC does not need to be housed under DBEDT to access business and economic development acumen. The legislature should take a more comprehensive approach to addressing the failings of the agency and enact reforms based on the recommendations of the state audit.

SB-2473-SD-1

Submitted on: 2/20/2022 10:01:02 PM

Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Sandra Herndon	Individual	Oppose	No

Comments:

I emphatically oppose this bill on the grounds that it is an Agricultural measure and can only effectively be administrated by farmers with the assistance/guidance and expertise of the business community.

Our Islands need to be self supportive to feed our people. This bill doesn't fix what's wrong, it only puts it on someone else's desk!

SB-2473-SD-1

Submitted on: 2/20/2022 10:52:51 PM

Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Thomas Brandt	Individual	Oppose	No

Comments:

Moving ADC into DBEDT would only further alienate the agency from its key stakeholders, in my opinion. The agency does not need to be housed under DBEDT to access business and economic development acumen. The legislature should take a more comprehensive approach to addressing the failings of the agency and enact reforms based on the recommendations of the state audit.

Thank you for the opportunity to offer these comments.

SB-2473-SD-1

Submitted on: 2/21/2022 8:33:45 AM

Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Dennis O'Shea	Individual	Oppose	No

Comments:

I oppose this bill. It does not address the issues.

Mahalo.

SB-2473-SD-1

Submitted on: 2/21/2022 9:39:55 AM

Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Ashley Lee	Individual	Oppose	No

Comments:

Aloha,

I strongly oppose SB2473.

The state audit raises a multitude of concerns that cannot be addressed by simply moving oversight of the agency. Therefore, we oppose the transfer of the agency and respectfully request that the legislature take a more comprehensive approach to reforming the ADC.

While some business and economic development expertise should certainly guide the ADC’s effort of increasing local food production enterprises in Hawai‘i, an agency tasked with catalyzing the transition from pineapple and sugar to diversified agriculture must be well versed in the needs of the agricultural sector. Moving the agency into DBEDT would only further alienate the agency from its key stakeholders. The agency does not need to be housed under DBEDT to access business and economic development acumen. The legislature should take a more comprehensive approach to addressing the failings of the agency and enact reforms based on the recommendations of the state audit and the House Investigative Committee.

The state audit found that the ADC was “lacking in deep agricultural expertise”. Moving the agency out of DOA into DBEDT would only further exacerbate this disconnect with the needs of farmers/food producers on the ground. The ADC should seek to increase the agricultural expertise on its board and staff through its strategic planning process.

Several studies have shown that small farmers overwhelmingly identified a lack of access to affordable, right-sized farm leases as a major barrier to farming. If the state is to meet its local food production goals, the ADC should be a part of the solution in prioritizing access for farmers that are committed to sustainably producing food for local consumption.

Mahalo,

Ashley Lee

SB-2473-SD-1

Submitted on: 2/21/2022 9:51:22 AM

Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Kelsey Amos	Individual	Oppose	No

Comments:

I am concerned that transferring the ADC into DBEDT will put the focus even more on a business-driven approach to agriculture. At this moment in history, which climate change looming and our food security precarious, we need approaches that take into account the human side of agriculture (farmers) and the needs of the land itself. Will DBEDT be equipped to maximize the biocultural potential of agriculture? Or will it focus on economic potential alone?

LATE

SB-2473-SD-1

Submitted on: 2/21/2022 10:11:52 AM

Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Poli'ahu Dulay	Individual	Oppose	No

Comments:

To: Chair Dela Cruz, Vice Chair Keith-Agaran and WAM Committee Members

Subject: OPPOSITION TO SB2473 SD1 Relating to economic development

Aloha e Chair Dela Cruz, Vice Chair Keith-Agaran & Committee members,

I strongly OPPOSE SB2473 SD1 Relating to Economic Development and urge you to NOT pass this measure.

The transfer of “administrative attachment of Agribusiness Development Corporation (ADC) from the Hawaii Department of Agriculture (HDOA) to the department of Business, Economic Development, and Tourism (DBEDT)” will worsen the current state of Hawaii’s food security and food self-sufficiency.

Legislative action is needed INSTEAD to strengthen Hawai’is DOA by implementing strategies with the support of the many agricultural expertise across Hawaii’s farming organizations to ensure a stronger food system in Hawai’i.

Context to consider:

“Increase Demand for and Access to Locally Grown Foods”

“Increase Production of Locally Grown Foods”

“Provide Policy and Organizational Support to Meet Food Self-Sufficiency Needs”

As presented in the “Increased Food Security and Food Self-Sufficiency Strategy” a comprehensive approach must be taken for ADC within the HDOA to ensure actions taken

are within the alignment of Hawai'i's agricultural needs, **INSTEAD** of transferring to another State agency.

Thank you for your time and consideration on this matter. We urge you to vote against this measure.

Mahalo,

Poli'ahu Dulay

Resources:

<https://files.hawaii.gov/dbedt/op/spb/INCREASED FOOD SECURITY AND FOOD SELF SUFFICIENCY STRATEGY.pdf>

LATE

SB-2473-SD-1

Submitted on: 2/21/2022 10:19:30 AM

Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Shannon Rudolph	Individual	Oppose	No

Comments:

Oppose.

Just kicking the (expensive) can down the road.

Nothing will help the ADC. It needs to be repealed, disbanded. and absorbed back into the Dept. of Ag.

LATE

SB-2473-SD-1

Submitted on: 2/21/2022 11:21:31 AM

Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
janice palma-glennie	Individual	Oppose	No

Comments:

Aloha,

Any agency tasked with moving our state's agricultural focus from pineapple and sugar to diversified agriculture must be well versed in the needs of the agricultural sector. Moving the agency into DBEDT would only further alienate the agency from its key stakeholders. The agency does not need to be housed under DBEDT to access business and economic development acumen. The legislature should take a more comprehensive approach to addressing the failings of the agency and enact reforms based on the recommendations of the state audit.

Please vote against SB2473 SD1.

mahalo,

janice palma-glennie

kailua-kona

SB-2473-SD-1

Submitted on: 2/21/2022 7:21:14 PM

Testimony for WAM on 2/22/2022 10:00:00 AM

LATE

Submitted By	Organization	Testifier Position	Remote Testimony Requested
jeanne wheeler	Individual	Oppose	No

Comments:

I oppose this bill, please do NOT pass it. Mahalo, JW

SB-2473-SD-1

Submitted on: 2/21/2022 7:36:25 PM

Testimony for WAM on 2/22/2022 10:00:00 AM

LATE

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Elizabeth Hansen	Individual	Oppose	No

Comments:

As a registered voter in Hakalau HI 96710 - and a small farmer - I oppose this bil.

SB-2473-SD-1

Submitted on: 2/21/2022 7:59:16 PM

Testimony for WAM on 2/22/2022 10:00:00 AM

LATE

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Rodger Hansen	Individual	Oppose	No

Comments:

As a registered voter in Hakalau HI 96710, and a small farmer, I support this bill.

Mahalo.

SB-2473-SD-1

Submitted on: 2/21/2022 11:32:39 PM

Testimony for WAM on 2/22/2022 10:00:00 AM

LATE

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Janet L Pappas	Individual	Oppose	No

Comments:

Dear WAM members,

I strongly disagree that the administration of ADC, the Agriculture Development Corporation, should be shifted from the Dept. of Agriculture to DBEDT. This does not address the heart of the problem. The issues uncovered by the state audit need to be attended to. Bill HB2418 HD1 does just that--shifts the focus of ADC from food exporting to local food production.

I urge you to oppose SB2473 SD1.

Sincerely,

Jan Pappas

Aiea, Hawaii 96701

SB-2473-SD-1

Submitted on: 2/22/2022 7:53:37 AM

Testimony for WAM on 2/22/2022 10:00:00 AM

LATE

Submitted By	Organization	Testifier Position	Remote Testimony Requested
cheryl hendrickson	Individual	Oppose	No

Comments:

An agency tasked with catalyzing the transition from pineapple and sugar to diversified agriculture must be well versed in the needs of the agricultural sector. Moving the agency into DBEDT would only further alienate the agency from its key stakeholders. The agency does not need to be housed under DBEDT to access business and economic development acumen. The legislature should take a more comprehensive approach to addressing the failings of the agency and enact reforms based on the recommendations of the state audit.

SB-2473-SD-1

Submitted on: 2/22/2022 10:38:02 AM

Testimony for WAM on 2/22/2022 10:00:00 AM

LATE

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Sylvia Dolena	Testifying for Pele Lani Farm LLC	Oppose	No

Comments:

I strongly OPPOSE SB2473.