

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

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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**

FEBRAURY 23, 2022

10:05 A.M.

CONFERENCE ROOM 211 & VIA VIDEOCONFERENCE

**SENATE BILL NO. 2908
RELATING TO THE PLANT QUARANTINE BRANCH**

Chairperson Dela Cruz and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 2908. The bill appropriates \$500,000 out of general revenues to the Hawaii Department of Agriculture (Department) to expand state-run quarantine facilities under the jurisdiction of the Plant Quarantine Branch. The Department supports the bill provided that it does not adversely impact its priorities in the Executive Supplemental Budget and offers comments.

The Department appreciates the committee recognizing the importance of adequate facilities for quarantine purposes. The Department has prepared and submitted a CIP request to improve an existing building of the Plant Quarantine Branch at the Plant Inspection Office (PIO) in Honolulu to comply with the stringent quarantine requirements necessary for plant pests. The CIP request would increase quarantine capacity by 50% at the PIO in Honolulu. The Department respectfully requests that the \$500,000 appropriation be included in our CIP budget which gives the department



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accurate time to complete design and construction, or we respectfully request the committee's support for the Department's CIP budget which serves the same purpose.

Thank you for the opportunity to submit testimony.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

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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 SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 2908

February 23, 2022
10:05 a.m.
Room 211 and Videoconference

RELATING TO THE PLANT QUARANTINE BRANCH

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill No. 2908 appropriates \$500,000 in general funds in FY 23 for the expansion of State-run quarantine facilities under the jurisdiction of the Department of Agriculture's Plant Quarantine Branch.

B&F notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.



Hawaii Coffee Association
PO Box 168, Kealahou, HI 96750

SENATE COMMITTEE ON WAYS AND MEANS
February 23, 2022

RE: Testimony on SB2908; RELATING TO THE PLANT QUARANTINE BRANCH

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and Senators,

I am Chris Manfredi, Executive Director of Hawaii Coffee Association (HCA) testifying in support of SB2908.

A report released on January 21, 2022 by USDA National Agricultural Statistics Service (NASS) suggests the value of Hawaii's green coffee crop in the 2021-22 season exceeds \$113MM. This figure ranks coffee near the top of the charts in state crop value, and does not account for upstream and downstream revenue in terms of value-added products and ancillary businesses. It's also important to note the coffee industry promotes tourism, and preserves open space, view planes and watersheds.

Coffee leaf rust (CLR) has been discovered on Hawaii Island, Kauai, Maui, Oahu and Lanai. CLR poses a devastating threat to Hawaii's coffee industry. CLR is known to spread rapidly and leads to defoliation and tree death.

HCA, working with HDOA, USDA, CTAHR, and industry stakeholders have developed short- and long-term strategies to manage this new threat. Our long-term strategy includes the importation of CLR resistant coffee varieties already growing in other coffee producing countries. Permit rules require that these imports remain in quarantine for a period of time to protect Hawaii's fragile ecosystems and agriculture.

The logistics of this multi-agency effort have highlighted the deficiencies of available capacity of quarantine facilities in the state. The purpose of this measure is to enable investment in Hawaii's quarantine facility infrastructure - one that is vital to our industry, and more broadly, agriculture as a whole and environmental biosecurity.

Please pass this measure.

Thank you for the opportunity to testify and for your support for Hawaii's coffee.



Released January 21, 2022, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).

Coffee Utilized Production Up 17 Percent from Last Season

Hawaii utilized coffee production is forecast at 26.7 million pounds (cherry basis) for the 2021-2022 season, up 17 percent from the previous season. Bearing acreage totaled 7,100 acres, up 300 acres from the previous year. Average yield, at 3,820 pounds (cherry basis) per acre, was up 310 pounds from the previous year.

Coffee Bearing Acreage, Yield, Production, Price, and Value – Hawaii and United States: 2019-2020, 2020-2021, and 2021-2022

State	Bearing acreage			Yield per acre ¹		
	2019-2020	2020-2021	2021-2022	2019-2020	2020-2021	2021-2022
	(acres)	(acres)	(acres)	(pounds)	(pounds)	(pounds)
Hawaii	6,900	6,800	7,100	3,952	3,510	3,820
United States	6,900	6,800	7,100	3,952	3,510	3,820
State	Total production ¹			Utilized production ¹		
	2019-2020	2020-2021	2021-2022	2019-2020	2020-2021	2021-2022
	(1,000 pounds)	(1,000 pounds)	(1,000 pounds)	(1,000 pounds)	(1,000 pounds)	(1,000 pounds)
Hawaii	27,270	23,870	27,120	26,880	22,715	26,690
United States	27,270	23,870	27,120	26,880	22,715	26,690
State	Price per pound ¹			Value of utilized production ¹		
	2019-2020	2020-2021	2021-2022	2019-2020	2020-2021	2021-2022
	(dollars)	(dollars)	(dollars)	(1,000 dollars)	(1,000 dollars)	(1,000 dollars)
Hawaii	2.02	2.13	2.25	54,298	48,383	60,053
United States	2.02	2.13	2.25	54,298	48,383	60,053

¹ Cherry basis.

Coffee Utilized Production and Price on Equivalent Basis – Hawaii: 2019-2020, 2020-2021, and 2021-2022

Basis and State	Utilized production			Price per pound		
	2019-2020	2020-2021	2021-2022	2019-2020	2020-2021	2021-2022
	(1,000 pounds)	(1,000 pounds)	(1,000 pounds)	(dollars)	(dollars)	(dollars)
Parchment						
Hawaii	6,400	5,390	6,510	14.10	13.40	12.40
Green						
Hawaii	5,120	4,312	5,208	20.10	19.40	21.70

Coffee Harvested Not Sold Production – Hawaii and United States: 2019-2020, 2020-2021, and 2021-2022

State	Harvested not sold ¹		
	2019-2020 (1,000 pounds)	2020-2021 (1,000 pounds)	2021-2022 (1,000 pounds)
Hawaii	390	1,155	430
United States	390	1,155	430

¹ Cherry basis.

Definition of Terms

Bearing acreage: An orchard or grove is considered to be of bearing age when it can normally be expected to produce a commercially significant quantity of the crop. Bearing age is a function of many factors including variety, rootstock, year planted, etc.

Harvested not sold: Fruit of marketable quality that was picked but not sold for various reasons.

Total production: The quantity of a crop actually harvested.

Unutilized production: The difference between total and utilized production, which is marketable fruit harvested not sold or utilized.

Utilized production: The amount of a crop sold plus the quantity used at home or held in storage.

Yield per acre: Unless otherwise stated, yield per acre is based on total production.

Value: Crop value estimates in this report cover the marketing season or crop year and should not be confused with cash receipts which are based on a calendar year.

Statistical Methodology

Survey Procedures: Standardized probability grower surveys are conducted semiannually to collect acreage, yield, production, and price data. All millers are also surveyed semiannually to determine quantity handled. Data from operators is collected by mail, internet, telephone, or personal interview to ensure adequate coverage.

Estimating Procedures: Information obtained from the coffee grower and miller surveys along with federal administrative data is used to establish estimates of bearing acres, yield, total production, utilized production, price, and value. These estimates are reviewed for errors, reasonableness, and consistency with historical estimates.

Revision Policy: End-of-season estimates will be published in the *Noncitrus Fruits and Nuts – Summary* released in May. Revisions the following year are based on a thorough review of all available data.

Reliability: Survey indications are subject to sampling variability because all operations growing coffee are not included in the sample. Survey results are also subject to non-sampling errors such as omission, duplication, imputation for missing data, and mistakes in reporting, recording, and processing the data. These errors cannot be measured directly, but they are minimized through rigid quality controls in the data collection process and a careful review of all reported data for consistency and reasonableness.

Information Contacts

Listed below are the commodity statisticians in the Crops Branch of the National Agricultural Statistics Service to contact for additional information. E-mail inquiries may be sent to nass@usda.gov

Lance Honig, Chief, Crops Branch.....	(202) 720-2127
Fleming Gibson, Head, Fruits, Vegetables and Special Crops Section	(202) 720-2127
Fleming Gibson – Blueberries, Cranberries, Cucumbers, Pistachios, Potatoes, Pumpkins, Raspberries, Squash, Strawberries, Sugarbeets, Sugarcane, Sweet Potatoes	(202) 720-2127
Deonne Holiday – Almonds, Apples, Asparagus, Carrots, Coffee, Onions, Plums, Prunes, Sweet Corn, Tobacco.....	(202) 720-4288
Robert Little – Apricots, Dry Beans, Lettuce, Macadamia, Maple Syrup, Nectarines, Pears, Snap Beans, Spinach, Tomatoes	(202) 720-3250
Krishna Rizal – Artichokes, Cauliflower, Celery, Garlic, Grapefruit, Hazelnuts, Kiwifruit, Lemons, Mandarins and tangerines, Mint, Mushrooms, Olives, Oranges,.....	(202) 720-5412
Chris Wallace – Avocados, Bell Peppers, Broccoli, Cabbage, Chickpeas, Chile Peppers, Dates, Floriculture, Grapes, Hops, Pecans	(202) 720-4215
Antonio Torres – Cantaloupes, Dry Edible Peas, Green Peas, Honeydews, Lentils, Papayas, Peaches, Sweet Cherries, Tart Cherries, Walnuts, Watermelons	(202) 720-2157

Access to NASS Reports

For your convenience, you may access NASS reports and products the following ways:

- All reports are available electronically, at no cost, on the NASS web site: www.nass.usda.gov
- Both national and state specific reports are available via a free e-mail subscription. To set-up this free subscription, visit www.nass.usda.gov and click on “National” or “State” in upper right corner above “search” box to create an account and select the reports you would like to receive.
- Cornell’s Mann Library has launched a new website housing NASS’s and other agency’s archived reports. The new website, <https://usda.library.cornell.edu>. All email subscriptions containing reports will be sent from the new website, <https://usda.library.cornell.edu>. To continue receiving the reports via e-mail, you will have to go to the new website, create a new account and re-subscribe to the reports. If you need instructions to set up an account or subscribe, they are located at: <https://usda.library.cornell.edu/help>. You should whitelist notifications@usda-esmis.library.cornell.edu in your email client to avoid the emails going into spam/junk folders.

For more information on NASS surveys and reports, call the NASS Agricultural Statistics Hotline at (800) 727-9540, 7:30 a.m. to 4:00 p.m. ET, or e-mail: nass@usda.gov.

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Hawaii Coffee Association
PO Box 168, Kealahou, HI 96750

What's at Stake: The Loss of Hawaii's Coffee Industry, A Major Economic Driver

As growers of one of the State's most important agricultural crops, we are nearly 1,500 strong tending more than 10,000 acres. Not only do we preserve open space and watersheds, we are a pillar of the local economy: For the 2021-2022 season, the USDA values Hawaii's unroasted coffee at \$113.01 million¹. The roasted equivalent is worth more than \$161.45 million². These narrow statistics fall short of accounting for upstream and downstream revenues from increased tourism and ancillary businesses. They do not account for the countless citizens and their families who depend on Hawaii-grown coffee for their livelihoods.

After more than 200 years of growing coffee on these islands, our industry is facing the most destructive coffee disease in the world: Coffee Leaf Rust (CLR), a fungus that can kill an entire farm in a matter of weeks. Annually, CLR causes \$3 billion in damage and lost income around the world.

In Hawaii, the stakes are higher than elsewhere. While most other coffee-growing regions have planted rust-resistant varieties, all of the ones commercially grown in Hawaii are not resistant. And the best fungicides used to fight this disease have not been approved here.

CLR has been found and is spreading rapidly on Hawaii Island, Maui, Oahu, Kauai and Lanai. Its spores are spread by wind, workers, rain, equipment and tourists. As a result, farmers are facing defoliation, a loss of yield up to 70% or more and significantly higher production costs. So far, in the 2021-2022 season, many farmers have had to raise their prices for unroasted coffee between \$1.50 and \$3.00+ per pound.

¹ 2021-2022 season estimate, pounds of utilized production (green beans) x price per pound: 5,208,000 pounds x \$21.70/pound = \$113.01 million. Source: USDA-NASS. Jan 2022. "Coffee".

https://www.nass.usda.gov/Statistics_by_State/Hawaii/Publications/Fruits_and_Nuts/Coffee%20Data%20Release%202022.pdf

² This is a wholesale roasted estimate of the value of the 2021-2022 season crop, priced at \$31.00 per pound: 5,208,000 pounds of green beans x \$31.00/pound = \$161.45 million. The \$31.00/pound is an average statewide value for the season that takes into account the lower wholesale prices of mechanically harvested coffee (Kauai, Oahu and Maui beans) and the higher prices of hand-harvested beans (Kona, Ka'u). It also reflects rising cost of production due to CLR.

To help save our industry, as well as the communities and families that depend on it, we need State, Federal and private support and we need it NOW.

Without action, we stand to lose hundreds of millions of dollars in Hawaii's economy – a contribution that far exceeds the value of the beans themselves. To grow our coffee, we hire thousands of workers and buy from local industries such as transportation and vendors of agricultural supplies. For the 2021-2022 season, this so-called “downstream economic impact” is estimated at about \$231.67 million³.

Then there is the “upstream economic impact” of Hawaiian coffee, which is unquantified. Compared to most other crops grown here, coffee offers two advantages: 1) Its worldwide popularity boosts the tourism potential of events such as the Kona Coffee Festival. 2) It is shelf stable. That makes Hawaiian coffee a major attraction for the souvenir market, drawing tourists to shops, cafes and agritourism operations statewide. In turn, these visitors create more worldwide demand for Hawaiian coffee once they return home. For example, foreign exports of coffee from Hawaii, valued at \$10.60 million⁴ in 2020, are an ongoing international advertisement for the Hawaii islands.

The economic losses from CLR would have an outsized impact in rural areas, where few other industries exist. Remember the collapse of the local sugar industry? We can expect similar results: dramatically increasing unemployment – especially of historically underserved and minority populations – accompanied by increasing crime and drug use. Not to mention the harm to the cultural heritage of our islands.

What We Need:

- Statewide approval of the most effective CLR fungicides, and subsidies for farmers to purchase them.
- Support for development of the best CLR-management strategies in Hawaii, as well as support to educate farmers of them.
- Support for research of the best CLR-resistant varieties that will maintain the quality of Hawaii coffees. Also support for the importation, propagation and distribution of CLR resistant varieties, including expanded plant-quarantine facilities. (This is a 5–10-year project.)
- Support for farmers to replace their existing fields with rust-resistant varieties.
- *Support for other ways to build capacity and resilience within farm communities.*

Contact:

- Chris Manfredi Executive Director, Hawaii Coffee Association, cmanfredi@hawaiicoffeeassoc.org
- Suzanne Shriner Administrator, Synergistic Hawaii Ag Council, suzanne@shachawaii.org

³ Using multiplier of 2.05, applied to the 2021-2022 season value of the State's green beans: \$113.01 million x 2.05 = \$231.67 million. Multiplier from correspondence between HDOA chair P. Shimabuku and USDA Secretary S. Perdue, dated November 19, 2020.

⁴ Worldwide exports of \$4.46 million in roasted coffee from Hawaii + \$6.14 million in unroasted coffee (green beans) from Hawaii. Source: USDA Global Agricultural Trade System. 2020 data.



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February 23, 2022

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON SB 2908
RELATING TO THE PLANT QUARANTINE BRANCH

Room 211 & Videoconference
10:05 AM

Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran, 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 SB 2908, which appropriates general revenues to expand state-run quarantine facilities under the jurisdiction of the department of agriculture's plant quarantine branch.

Invasive species have become one of the most devastating problems impacting Hawai'i. Many invasive species are damaging Hawai'i's environment and economy. Agriculture has a vested interest in this matter. Agriculture suffers when invasive species are introduced. Every year, numerous new pests are introduced into the State, such as the coqui frog, coffee berry borer, macadamia felted coccid, little fire ant, coconut rhinoceros beetle, small hive beetle, and varroa mite, to name a few. It is an undeniable fact that the threat of invasive species entering Hawai'i is on the increase, and this increase may cripple our already fragile ecosystem and agricultural industry.

The HDOA Plant Quarantine Branch is Hawai'i's first line of defense against invasive species by helping curtail invasive species that enter the state. Biosecurity facilities are critical for safe and timely inspections and efficient movement of cargo is vital to the agriculture economy and our environment. We strongly support funding to expand state-run quarantine facilities.

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

SB-2908

Submitted on: 2/19/2022 9:45:27 PM

Testimony for WAM on 2/23/2022 10:05:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Douglas Perrine	Individual	Support	No

Comments:

Money used to prevent introductions of invasive species and diseases is money well spent that is a fraction of the amount that would otherwise be spent on measures to control the introduced pests and diseases, not to mention the losses to our agriculture sector and damage to the natural environment. I support SB2908/

SB-2908

Submitted on: 2/21/2022 9:48:38 AM

Testimony for WAM on 2/23/2022 10:05:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
James Kimo Falconer	Testifying for Hawaii Coffee Growers Association	Support	No

Comments:

Aloha Chair Dela Cruz, Vice Chair Agaran and Members of the WAM committee.

Please support SB 2908. Our State facilities for quarantine are in bad disrepair or not functioning at all (like Maui County). We are funding all kinds of activities to arrest invasive species, but we have no facilities to meet our needs as written in the HDOA rules. For coffee alone, we need to bring in CLR resistant varieties now, but do not have the necessary facilities to even begin the process. Please support this measure.

Mahalo.