

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 23, 2022
10:05 A.M.
VIA VIDEOCONFERENCE**

**SENATE BILL NO. 2969 SD1
RELATING TO AGRICULTURAL EMERGENCY SPECIAL FUND**

Chairperson Dela Cruz and Members of the Committee:

Thank you for the opportunity to present testimony on Senate Bill 2969 SD1. This bill creates a revolving fund that will be dedicated to funding agricultural emergency loans. The emergency loan program serves as a safety net to farms during times of emergency and the Department of Agriculture ("Department") supports this bill and offers comments, concerns and a recommendation.

Climate change and economic disasters are occurring with greater frequency creating much hardship to already struggling farm and ranch operations throughout the State. In the past three years the Agricultural Loan program has made 31 emergency loans totaling \$2.3 million. Emergency loan amounts ranged from \$10,000 to \$500,000 averaging \$74,194 over the three-year period.,

The Agricultural Loan Revolving Fund is an important financial assistance source for funding critical land acquisition and operational needs of the agricultural community, who often may not be eligible for traditional financing opportunities. The Fund currently has \$4.25 million available for loans and for the past three fiscal years loans have averaged \$4.2 million annually. Due to the tight funding supply the program has not



been able to reserve any funds specifically for emergency loans. Having a dedicated source of funding for agricultural emergencies will ensure that funding is available when it is needed ensuring a safety net for farms and ranches to ensure their survival during natural disasters, production and pest blights and economic disasters.

The Department is concerned that since an emergency loan program is already in existence and funded by the Agricultural Loan Revolving Fund, requiring the repayment from the all emergency loans to be deposited in the proposed Agricultural Emergency Special Fund, regardless of funding source, would divert funds from the regular loan program. The Department recommends the following language amendment to return loan repayments to the appropriate funding source, beginning at Page 1 Line 7:

- (1) Agricultural [~~emergency~~] charges received for the use and services of the loan program, including the repayment of loans funded by the agricultural emergency special fund [~~made under the loan program~~];
(new language is underscored and deleted language is bracketed and stricken)

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
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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. 2969, S.D. 1

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

RELATING TO AN AGRICULTURAL EMERGENCY SPECIAL FUND

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

Senate Bill (S.B.) No. 2969, S.D. 1, adds a new section to Chapter 155, HRS, to establish an Agricultural Emergency Special Fund (AESF) within the Department of Agriculture for the purposes of making agricultural emergency loans and paying administrative and other related costs of the Agricultural Loan Program; and provide that the AESF would receive revenues in the form of principal and interest on emergency loans disbursed, interest earnings within the fund, and legislative appropriations. This bill also appropriates \$2,500,000 in general funds in FY 23 for deposit into the AESF and appropriates an unspecified amount of special funds out of the AESF in FY 23.

As a matter of general policy, B&F does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general

fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding S.B. No. 2969, S.D. 1, it is difficult to determine whether the AESF would be self-sustaining.

B&F also 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.



Email: communications@ulupono.com

SENATE COMMITTEE ON WAYS & MEANS
Wednesday, February 23, 2022 — 10:05 a.m.

Ulupono Initiative supports SB 2969 SD 1, Relating to an Agricultural Emergency Special Fund.

Dear Chair Dela Cruz 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; and better management of freshwater and waste.

Ulupono supports SB 2969 SD 1, which establishes an Agriculture Emergency Special fund to provide loans to farmers and ranchers for disaster recovery.

Ulupono believes that the DOA's Agricultural Loan Division provides critical support to the state's farmers and ranchers and helps advance Hawai'i's food production goals. This program allows local farmers and ranchers to receive capital for costs such as land and water resources, farm inputs, equipment and infrastructure, emergency response, marketing, technology, and much more. The Agricultural Loan Program's revolving fund has been depleted due to the agricultural community's struggles to stay afloat after recent natural disasters, weather events, and the pandemic's economic fallout. Emergency needs tend to vary, depending on the circumstance. However, a quick, reliable loan process is important to address immediate needs in each instance. This bill seeks to establish a timely and streamlined emergency loan process that will benefit local farmers and ranchers seeking to support the state with local products in times of disaster.

Thank you for this opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i



Food+ Policy Internship 2022

food@purplemaia.org

February 21, 2022

Aloha e Chair Dela Cruz and Members of the Senate Ways and Means Committee,

We are in full support of SB2969 relating to an agricultural emergency special fund. The COVID-19 pandemic has taught us many important lessons and shed light on some of the fatal flaws in our food system. In the initial shock of the pandemic as restaurants and businesses shut down and tourists not crowding our shores, HDOA director Phyllis Shimobukuro-Geiser said that farmers [reported](#) losing up to 50-60% of their market, some even had to plow down perfectly good vegetables or pour milk out because there was simply no market for it.

As our State slowly builds the capacity for a more resilient food system that involves more cold storage facilities, city and statewide emergency feeding plans, and other integral facilities, Hawai'i's farmers will still need help in the case of another disaster like the pandemic. SB2969 can provide this support needed.

While there was funding support that helped keep many farms afloat after the shock of the pandemic like emergency loan programs, SB2969 would ensure that all this protection for farmers would be in place proactively instead of retroactively. We have already witnessed the terrible devastation that the COVID-19 pandemic had on our farmers and agriculture sector. We have hopefully learned lessons and can be prepared for the next inevitable disaster caused by climate change. **We therefore fully support SB2969** for the protection of our vulnerable farmers and its ability to help us be proactive.

Mahalo,
Kelsey Amos & the Food+ Interns
#fixourfoodsystem

The Food+ Policy internship develops student advocates who learn work skills while increasing civic engagement to become emerging leaders. We focus on good food systems policy because we see the importance and potential of the food system in combating climate change and increasing the health, equity, and resiliency of Hawai'i communities.

In 2022, the cohort of interns are undergrads and graduate students from throughout the UH System. They are a mix of traditional and nontraditional students, including parents and veterans, who have backgrounds in education, farming, public health, nutrition, and Hawaiian culture.



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February 23, 2022

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON SB 2969, SD1
RELATING TO AN AGRICULTURAL EMERGENCY SPECIAL FUND

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 2969, SD1, which establishes an Agriculture Emergency Special fund to provide loans to farmers and ranchers for disaster recovery.

Hawai'i farmers and ranchers have and will continually have their operations impacted by natural disasters, global epidemics disease, pests, diseases, high winds, thunderstorms, hurricanes, fires, floods, earthquakes, lava flow, vog or other volcanic activity, droughts, and tidal waves. Supply chain issues and other shipping disruptions are also challenging for agricultural producers. These unexpected disasters can result in devastating economic damage and emergency financial assistance is critical to help our farmers and ranchers recover from production and physical losses.

An Agricultural Emergency Special Fund would enable HDOA to quickly respond to agricultural emergencies by assisting farmers and ranchers with funding to help repair damaged infrastructure, replant crops, or replace equipment and supplies allowing them to continue farming or ranching.

Thank you for this opportunity to testify in support of this measure.

SB-2969-SD-1

Submitted on: 2/21/2022 7:45:41 PM

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

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

Comments:

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

Mahalo.

SB-2969-SD-1

Submitted on: 2/21/2022 8:06:19 PM

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

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

Comments:

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

Mahalo.

SB-2969-SD-1

Submitted on: 2/22/2022 9:41:37 AM

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

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Amy Brinker	Individual	Support	No

Comments:

Support