

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
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

**TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE HOUSE COMMITTEE ON AGRICULTURE

MARCH 18, 2022

9:00 A.M.

VIA VIDEOCONFERENCE & CONFERENCE ROOM 325

**SENATE BILL NO. 2992 SD1
RELATING TO AGRICULTURE**

Chairperson Hashem and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 2992 SD1, which establishes the Agriculture Investment Special Fund to support local agricultural producers and appropriates funds. The Department of Agriculture ("Department") strongly supports this measure provided it does not adversely impact the Department's priorities in the Executive budget and offers supporting comments.

We firmly believe local agriculture is essential to Hawaii and are concerned that the amount of imported food has exceed 85 per cent and is rapidly approaching the 90 per cent of all foods consumed.

In a recent commercial agriculture survey of local farming operators conducted by the USDA-NASS, 58 per cent of participating farms cited the high cost of production as the leading barrier to their commercial expansion. Other challenges mentioned were shortage of labor (41 per cent), cost of shipping or transportation (39 per cent), insufficient access to capital (37 per cent), and insufficient cash flow (37 per cent). All farms surveyed indicated that a \$100,000 grant would improve their total gross sales after one year. 26 per cent of them expect an increase in total gross sales by 0-4.99 per cent and 22 per cent of them anticipate a greater than 25 per cent increase.

Unlike plantation industries (sugarcane and pineapple) in the past, diversified agriculture in the current environment requires public support in production, processing, storage, distribution, product research, and product marketing to attain desirable levels of efficiency, competitiveness, and expansion capacity. Most smaller farmers and ranchers lack the capacity and resources to initiate, participate in, and benefit from



those ancillary support activities on their own. Departmental funding and support for such assistance would provide opportunities for those smaller farmers and ranchers to survive, expand, and thrive, and in turn increase local food production to reduce Hawaii's reliance on food imports.

The Department appreciates the establishment of the Agriculture Investment Special Fund to support diversified agriculture and local agricultural producers in Hawaii. Among the important functions that this measure will enable the Department to resume and enhance are, as follows:

- Issue RFP awards to farmers for agricultural production or processing activities. Such awards are in high demand, especially when agricultural producers are facing difficult hardship in situations, such as the COVID-19 pandemic, severe droughts, and persistent disease infestation.
- Conduct research (data and analytics) and testing of agricultural products and markets. This function includes statistical reporting on production acreage, harvested amounts, yields, utilization, value of sales, and factor inputs of important crops (particularly food crops). Local farmers are reliant on such information to make prudent farming decisions.
- Promotion and marketing of agricultural products grown or raised in the State. This function is crucial to grow export markets and to support the doubling of local food production and the *farm-to-state* program.
- Encourage and support transportation and distribution networks necessary to promote agricultural production or processing activities. Most agricultural activities occur in rural areas on neighbor islands. Many expanding farms are dependent on the Honolulu market to sell their products and to purchase farming inputs. Hence, an affordable, and accessible intra-island shipping service is essential to supporting a viable and thriving diversified agriculture industry, comprised primarily of smaller farms and ranches in rural Hawaii.

The Department has concerns with the use of the term "grants" on Page 2, line 16, without the inclusion of standards for awarding and issuing those funds. Grants require standards set forth in statute per the Hawaii State Constitution. Use of the terms "funds" or "monies" in place of "grants" may address this concern. Alternatively, the Department recommends inclusion of the standards for grants as set forth in section 42F-103, Hawaii Revised Statutes ("HRS"). Examples of other statutes that provide standards for existing administrative grant programs can be found in Part II of Chapter 9 and Sections 10-17, 210D-11, and 383-128, HRS

Finally, the Department is concerned with the language regarding matching funds on page 4, lines 19-20. This mandate requiring the Department to obtain fifty percent matching funds from private sources may inadvertently empower private interest groups to unduly influence and direct decisions on state agricultural and related public projects

and policies through selective funding decisions. The Department suggests lowering the matching threshold to 25 per cent and expanding the source for matching funds by replacing the term “private sources” with “private, federal, or other sources” to diminish the concern.

Thank you for the opportunity to testify on this measure.

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

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

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 HOUSE COMMITTEE ON AGRICULTURE
ON
SENATE BILL NO. 2992, S.D. 1

**March 18, 2022
9:00 a.m.
Room 325 and Videoconference**

RELATING TO AGRICULTURE

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

Senate Bill No. 2992, S.D. 1, establishes the Hawai'i Agricultural Investment Program (HAIP) within the Department of Agriculture (DOA) for the purposes of providing funding to private entities to increase agricultural production or processing; requires the DOA to submit annual reports to the Legislature; appropriates an unspecified amount of general funds in FY 23 to establish the HAIP and support local agricultural producers, provided that no funds shall be made available unless the DOA obtains 50% matching funds from private sources; and extends the lapse date of the general fund appropriation to June 30, 2024.

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.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTY-FIRST LEGISLATURE, 2022**

ON THE FOLLOWING MEASURE:

S.B. NO. 2992, S.D. 1, RELATING TO AGRICULTURE.

BEFORE THE:

HOUSE COMMITTEE ON AGRICULTURE

DATE: Friday, March 18, 2022 **TIME:** 9:00 a.m.

LOCATION: State Capitol, Room 325, Via Videoconference

TESTIFIER(S): Holly T. Shikada, Attorney General, or
Jodi K. Yi or Bryan C. Yee, Deputy Attorneys General

Chair Hashem and Members of the Committee:

The Department of the Attorney General provides the following comments regarding this bill.

This bill would establish the agriculture investment program to support local agricultural producers and appropriates a currently unspecified amount out of the general revenues of the State of Hawaii for the purpose of this Act. The bill specifies that the monies may be expended by the Department of Agriculture for grants at page 2, lines 15-17 and page 4, lines 12-14.

Article VII, section 4, of the Constitution of the State of Hawaii provides, "[n]o grant of public money or property shall be made except pursuant to standards provided by law." Because this bill does not include sufficient standards for making the grants, the Department of Agriculture will not be able to make the administrative grants intended by this bill. We therefore recommend that this bill be amended to insert sufficient standards for the administrative grants. Examples of statutes that provide standards for existing administrative grant programs are part II of chapter 9 and sections 10-17, 210D-11, and 383-128, Hawaii Revised Statutes.

Thank you for the opportunity to present this testimony.



Hawaii Cattlemen's Council, Inc.

COMMITTEE ON AGRICULTURE
Rep. Mark J. Hashem, Chair
Rep. Amy A. Perruso, Vice Chair

SB2992 SD1
RELATING TO AGRICULTURE

Friday, March 18, 2022, 9:00 AM
VIA VIDEOCONFERENCE

Chair Hashem, Vice Chair Perruso, and Members of the Committee,

The Hawaii Cattlemen's Council (HCC) is the Statewide umbrella organization comprised of the five county level Cattlemen's Associations. Our member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of over 750 thousand acres of land in Hawaii, or 20% of the State's total land mass. We represent the interests of Hawaii's cattle producers.

The Hawaii Cattlemen's Council **supports SB2992 SD1** to establish the agriculture investment special fund to support local agricultural producers. There are many challenges to producing food locally while maintaining a viable business operation. We appreciate this bill that would alleviate economic strains on the sector that farmers and ranchers experience and believe it will help local beef producers by growing capacity within the industry.

We appreciate the opportunity to testify on this measure.

Nicole Galase
Hawaii Cattlemen's Council
Managing Director





Email: communications@ulupono.com

HOUSE COMMITTEE ON AGRICULTURE
Friday, March 18, 2022 — 9:00 a.m.

Ulupono Initiative strongly supports SB 2992 SD 1, Relating to Agriculture.

Dear Chair Hashem 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 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 strongly supports SB 2992 SD 1, which establishes the Hawai'i Agricultural Investment Program to support local agricultural producers.

Ulupono supports the State's efforts to invest in local agriculture. We also recognize the many economic difficulties the State faced in 2021. However, the 2021 State Legislative Session saw the Department of Agriculture (DOA) lose millions of dollars due to the elimination of its Agricultural Development and Food Security Special Fund ("Barrel Tax"), which was the DOA's main source of industry funding. These significant cuts have negatively impacted the DOA's ability to support the agricultural industry with funding and resource allocations at a time when the industry needs it most.

With the economy now looking to recover and diversify, agriculture has presented itself as a leading industry for investment. The State must invest in local farmers and ranchers by funding solutions to address the industry's many challenges.

It is important to note that various states across the nation have established similar programs to support and invest in agriculturalists with critical needs such as fencing, conservation, irrigation, equipment, soil health, training, market access and development, and much more. Hawai'i should do the same and continue its commitment to our many important sustainability goals.

Thank you for this opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i



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March 18, 2022

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE

TESTIMONY ON SB 2992, SD1
RELATING TO AGRICULTURE

Room 325 & Videoconference
9:00 AM

Aloha Chair Hashem, Vice-Chair Perruso, 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 2992, SD1, which establishes the agriculture investment program to support local agricultural producers.

Agriculture, like all businesses, requires capital investment. The cost of operating a farm or ranch in Hawai'i can be significant. In many cases, agricultural operations require capital that our local farmers just don't have and many of Hawai'i's farmers and ranchers are finding it difficult to secure the financial support necessary to build capacity. Access to grants can result in increased capacity, new business opportunities, increase employment opportunities, and address Hawai'i's goals of increased self-sufficiency and sustainability.

Farming is a tough business. High production costs are a major driver of narrow profit margins for Hawai'i's farmers. Land, water, labor, taxes, transportation, utilities, inputs, marketing, research, invasive species, and food safety regulations are all costs of doing business that often results in our farmers just being able to break even. HFB supports any initiative that supports agricultural production so that locally produced goods can compete with imported products, strengthening our local economy.

An HDOA Agriculture Investment Special Fund can assist farmers and ranchers to increase capacity to grow and produce import replacement products in order to fulfill the State's vision for increased self-sufficiency and sustainability. We are concerned with the fifty percent matching funds requirement. This may limit program participants to farmers and ranchers that already have access to capital and preclude those that truly need the assistance.

Thank you for the opportunity to comment on this measure.



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Executive Officers

Charlie Gustafson, Tamura Super Market, *Chair*
Eddie Asato, Pint Size Hawaii, *Vice Chair*
Gary Okimoto, Safeway, *Secretary/Treas.*
Lauren Zirbel, HFIA, *Executive Director*
John Schliff, Rainbow Sales and Marketing, *Advisor*
Stan Brown, Acosta Sales & Marketing, *Advisor*
Paul Kosasa, ABC Stores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, *Immediate Past Chair*

TO: Committee on Agriculture
Rep. Mark J. Hashem, Chair
Rep. Amy A. Perruso, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: March 18, 2022
TIME: 9am
PLACE: Via Videoconference

RE: SB2992 SD1 Relating to Agriculture

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 to establish the agriculture investment special fund to support local agricultural producers. As the text of this measure notes “high costs in Hawaii limit the competitiveness of local agriculture and have undermined efforts to expand local food production.” Hawaii can be a very challenging state for any type of business to operate; labor, fuel, energy, real estate, and supplies are all more expensive here than on the mainland. This can be especially challenging for our local agricultural producers who are competing with imported products grown in places where operating costs for things like labor, fuel, and agricultural land are exponentially cheaper. Direct support for our agricultural producers is the most straightforward way for the State to address these issues and help our local Hawaii farmers increase local food production. We urge you to pass this measure and we thank you for the opportunity to testify.



Food+ Policy Internship 2022

food@purplemaia.org

March 17, 2022

Aloha e Chair Hashem, Vice Chair Perruso and Members of the Committee,

We are in **full support of SB2992 SD1 relating to an agricultural investment fund**. The fact that Hawai'i imports almost 90% of our food is not a new concept. We have known this for almost a decade, yet little funding has been appropriated to this vulnerable sector. We set goals of doubling local food production or making 30% of school meals local, putting pressure on our local farmers without support to achieve these goals. An appropriation of funds to support our agricultural farmers through SB2992 can alleviate this burden and further local agricultural goals.

In a [2021 USDA and HDOA agricultural expansion survey](#), the highest ranked barrier to expanding an operation was cost of production. Everyone knows that the cost of production in Hawai'i is so much more than if we were to grow the same food on the mainland or elsewhere. Yet, we continue to exploit the labor and land of other places so we can get cheap food. Instead of encouraging this negative feedback loop, we can invest in our local farmers to give them access to capital to expand their productions.

By supporting an agricultural fund like this, we would not only be supporting the expansion of local agriculture into our economy and into our diets, but also creating new jobs as well. Of the 1,062 farms surveyed in that same survey, 63.9% of them said that the most expected result from expanding their operations would be the creation of job opportunities. 944 of those farms surveyed said that the majority of their operations' current market was local; 417 said the mainland and 120 said international markets. Another [2017 survey](#) found that hired farm labor consisted of 37% of total farm production expenses, yet only 17% in California, the best state for comparison. So, farmers of Hawai'i currently focus on our local markets, but funding is needed to expand their capabilities and reach even more of our community.

The ripple effects of creating an agricultural investment fund go on. If we aid our farmers of Hawai'i with the capital necessary to feed local residents, to meet State local food production goals, and to diversify our economy, then we can win this negative cycle of importing food and diminishing local farmers. As UHWO Sustainable Community Food Systems professor, Albie

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.



Food+ Policy Internship 2022

food@purplemaia.org

Miles, said in an article, “if we get food right, we get everything right.” We **fully support this SB2992 to create an agricultural investment fund.**

Mahalo,
Kelsey Amos & the Food+ Policy Team
#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.

SB-2992-SD-1

Submitted on: 3/17/2022 7:12:43 PM

Testimony for AGR on 3/18/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
laurel brier	Kauai women's caucus	Support	Written Testimony Only

Comments:

Investing in agriculture is an investment in Hawaii's food security. Support regenerative practices for the environment and the future

SB-2992-SD-1

Submitted on: 3/16/2022 9:35:02 AM

Testimony for AGR on 3/18/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Andrea Quinn	Individual	Support	Written Testimony Only

Comments:

Dear Honorable Committee Members:

Please support SB2195.

Thank you for the opportunity to present my testimony.

Andrea Quinn

Kihei, Maui

SB-2992-SD-1

Submitted on: 3/16/2022 12:19:28 PM

Testimony for AGR on 3/18/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Samuel M Mitchell	Individual	Support	Written Testimony Only

Comments:

I support SB2992 SD1 Because we need to supply Hawaii with locally grown foods.

Samuel Mitchell Member Makiki NB10

SB-2992-SD-1

Submitted on: 3/16/2022 1:48:33 PM

Testimony for AGR on 3/18/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Momi Ventura	Individual	Support	Written Testimony Only

Comments:

Aloha, We support this bill for agriculture to be successful in Hawai'i and For Hawai'I. We are being priced out of our ancestral home. Why because of how it all started, with a bunch of Greedy missionary's children, grandchildren who became surveyors during "The Great Mahele." 4 men to survey all islands in Hawai'I, daunted a plan hatched. We must never forget this account of thievery. All lands used by the big five in Hawai'I are of Ali'I lands mainly. Because upon Queen Liliuokalani's arrest, Ali'I would have put all their deeds into the kingdom for safekeeping. Lo and behold this became "state lands." It is true that Hawai'I Agriculture needs a more realistic option, to feed its people and Not the world, For they have their lands.

SB-2992-SD-1

Submitted on: 3/16/2022 2:46:39 PM

Testimony for AGR on 3/18/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Sherry Pollack	Individual	Support	Written Testimony Only

Comments:

I fully support SB2992 SD1. High costs in Hawaii limit the competitiveness of local agriculture and have undermined efforts to expand local food production. Direct support for local agricultural producers can help overcome the high costs faced by Hawaii's agricultural sector. Please pass this important measure. Mahalo!

SB-2992-SD-1

Submitted on: 3/16/2022 5:27:28 PM

Testimony for AGR on 3/18/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Nanea Lo	Individual	Support	Written Testimony Only

Comments:

Hello,

My name is Nanea Lo. I'm born and raised and from this land. I'm currently a Mō'ili'ili resident. I'm writing in support SB2992 SD1.

This bill establishes the Hawai'i Agricultural Investment Program to support local agricultural food producers via a 50% matching grants program.

High costs in Hawai'i limit the competitiveness of local agriculture and have undermined efforts to expand local food production. Direct support for local agricultural producers can help overcome the high costs faced by Hawai'i's agricultural sector.

Support SB2992 SD1 too!

me ke aloha 'āina,

Nanea Lo

SB-2992-SD-1

Submitted on: 3/17/2022 8:09:44 AM

Testimony for AGR on 3/18/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Susan Stayton	Individual	Support	Written Testimony Only

Comments:

Dear Legislators,

I am writing as a resident of Kauai and a small farmer to SUPPORT SB2992 SD1.

High costs in Hawai'i limit the competitiveness of local agriculture and have undermined efforts to expand local food production. Direct support for local agricultural producers can help overcome the high costs faced by Hawai'i's agricultural sector.

Thank you for your consideration,

Susan

SB-2992-SD-1

Submitted on: 3/16/2022 3:19:30 PM

Testimony for AGR on 3/18/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
De Austin	Individual	Support	Written Testimony Only

Comments:

Honorable chair and vice-chair, Senators Hashem and Perusso, as well as distinguished members of the Committee on Agriculture,

I support the bill SB2992 SD1.

This is a much needed system, to establish grants to support and grow our local agricultural production.

The expense of running a farm here in Hawaii makes it extremely difficult to compete on a larger level, or to win against larger farm corporations, when it comes to water, land or employees.

Developing our agricultural industry here in Hawaii has multiple benefits. It will help provide healthy, local, fresh produce for our communities; growing strong farms increases employment opportunities and taxes paid by these farms stay in Hawaii. Further, we are an island chain in the middle of the Pacific ocean. We've already seen empty shelves during these past two years of the COVID pandemic and shipping shut downs. With a healthy agricultural system in place, these shelves should never run empty. We should protect our state by thinking forward and planning smartly.

We invite corporate vultures when we do not encourage and develop our local agriculture. Oftentimes, these farm corporations may not have the same care and values we in Hawaii place on our aina and wai.

It would be an incredible blessing to have Hawaii's locally grown and raised food found in supermarkets across the island chain, at or above a 50% ratio, when compared to products of non-Hawaii origin.

I wholeheartedly support this bill SB 2992 SD1.

Thank you for permitting me to testify.

Sincerely,

D Austin

Kihei, HI