

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 AGRICULTURE AND ENVIRONMENT

**MONDAY, FEBRUARY 14, 2022
1:20 P.M.
VIA VIDEOCONFERENCE**

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

Chairperson Gabbard and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 2992, which establishes the agriculture investment special fund to support local agricultural producers and appropriate funds.

The 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 all food consumed, sourced from imports has exceeded 85 per cent and is rapidly approaching the 90 per cent mark.

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 much more flexibility and coordination in public support to achieve desirable efficiency and competitiveness in production, processing, storage, distribution, product research, and marketing of products. 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 deeply appreciates the establishment of this agriculture investment 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 (“grants”) 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 transportation 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, comprising of smaller farms and ranches in rural Hawaii.

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 encourage undue influence by interest groups on state agricultural and related public projects and policies through 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.



Email: communications@ulupono.com

SENATE COMMITTEE ON AGRICULTURE & ENVIRONMENT
Monday, February 14, 2022 — 1:20 p.m.

Ulupono Initiative supports SB 2992, Relating to Agriculture.

Dear Chair Gabbard 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 supports SB 2992, which establishes the Agriculture Investment Special Fund 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 is the DOA's main source of industry funding. These critical 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.

We recommend that this committee consider establishing a formal program named the "Hawai'i Agriculture Investment Program" within the DOA that would allow expenditures within the bill's listed special fund. If there are any concerns around the fund itself, we believe that this program can be general funded, with the potential for DOA to receive base budget appropriations in future years.

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,

Investing in a Sustainable Hawai'i

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



THE SENATE
THE THIRTY-FIRST LEGISLATURE
REGULAR SESSION OF 2022

COMMITTEE ON AGRICULTURE AND ENVIRONMENT

Senator Mike Gabbard, Chair
Senator Clarence K. Nishihara, Vice Chair

Monday, February 14, 2022 1:20 p.m.
Conference Room 224 & Videoconference

RE: SB2992 RELATING TO AGRICULTURE

My name is Eric S. Tanouye and I am the President for the Hawaii Floriculture and Nursery Association. HFNA is a statewide umbrella organization with approximately 300 members. Our membership is made up with breeders, hybridizers, propagators, growers, shippers, wholesalers, retailers, educators, and the allied industry, which supports our efforts in agriculture.

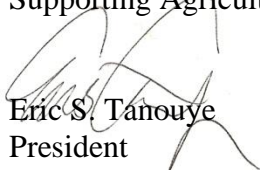
The Hawaii Floriculture and Nursery Association (HFNA) **SUPPORTS SB2992**

As part of agriculture, we understand the importance of supporting agriculture and it is especially effective at the local level. These funds can help create a more robust agriculture sector in Hawaii.

We would like to ask if floriculture/landscaping can be considered as part of diversified agricultural for these funds. There are a lot of diverse farms and nurseries that are a valuable part of the agriculture sector.

If you have any questions at this time, I would be happy to discuss them and can be reached by phone at 808-959-3535 ext 22, cell 960-1433 and email eric@greenpointnursery.com.

Supporting Agriculture and Hawaii,


Eric S. Tanouye
President
Hawaii Floriculture and Nursery Association



COMMITTEE ON AGRICULTURE AND ENVIRONMENT
Senator Mike Gabbard, Chair
Senator Clarence K. Nishihara, Vice Chair

SB2992
RELATING TO AGRICULTURE

Monday, February 14, 2022, 1:20 PM
VIA VIDEOCONFERENCE

Chair Gabbard, Vice Chair Nishihara, 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** 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





Food+ Policy Internship 2022

food@purplemaia.org

February 13, 2022

Aloha e Chair Gabbard, Vice Chair Nishihara and Members of the AEN Committee,

We are in **full support of SB2992 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, yet we don't give our local farmers the support to achieve these goals. The ultimate pressure is put on them when we set these ambitious goals but provide no backing. 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 capital to expand their productions, so we no longer have to rely on the "cheapness" of lower quality mainland products.

By supporting an agricultural fund like this, we would not only be supporting the expansion of local agriculture into our economy and 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. So, it is obvious that the farmers of Hawai'i currently focus on our local markets, but funding is needed to expand their capabilities and reach to more people.

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

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

diminishing local farmers. As UHWO Sustainable Community Food Systems professor, Albie 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+ Interns
#fixourfoodsystem

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