

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

BEFORE THE HOUSE COMMITTEE ON AGRICULTURE

**WEDNESDAY, MARCH 16, 2022
10:00 A.M.
VIA VIDEO CONFERENCE**

**SENATE BILL NO. 3181, SD1
RELATING TO AGRICULTURE**

Chairperson Hashem and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 3181, SD1 that establishes a local agriculture transportation cost reimbursement incentive program to be administered by the Department of Agriculture. The purpose of the program is to reimburse agricultural producers on neighbor islands for certain transportation costs of agricultural commodities for consumption within the State. The reimbursement is up to \$5,000 per qualified agricultural producer who have annual gross receipts totaling at least \$50,000. There is an appropriation to fund and administer this program.

The Department of Agriculture supports the intent of this measure that will benefit about 14% of Hawaii's farmers (1,035 of 7,328 total farmers) as of the 2017 Census of Agriculture.

Thank you for the opportunity to comment 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. 3181, S.D. 1

March 16, 2022
10:00 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. 3181, S.D. 1, adds a new section to Chapter 141, HRS, to establish a local agricultural transportation cost reimbursement incentive program within the Department of Agriculture (DOA) to reimburse eligible producers up to \$5,000 per year for the transportation of agricultural commodities. This bill also appropriates an unspecified amount of general funds in FY 23 for the DOA to administer the program.

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. 3181, S.D. 1, RELATING TO AGRICULTURE.

BEFORE THE:

HOUSE COMMITTEE ON AGRICULTURE

DATE: Wednesday, March 16, 2022 **TIME:** 10:00 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 adds a new section to chapter 141, Hawaii Revised Statutes (HRS), to establish a "local agriculture transportation cost reimbursement incentive program to be administered by the department of agriculture to reimburse eligible agricultural producers for a portion of the producer's costs to transport agricultural commodities" on page 1, lines 4-9. This program appears to provide a grant or subsidy, which would be subject to article VII, section 4, of the Constitution of the State of Hawaii.

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 grants or any other methods of awarding funds, the Department of Agriculture will not be able to make the distributions intended by this bill. We therefore recommend that this bill be amended to insert sufficient standards for administrative grants. Examples of statutes that provide standards for existing administrative grant programs are part II of chapter 9 and sections 10-17, 201D-11, and 383-128, HRS.

Additionally, we recommend that subsection (b)(1) of the new section added by section 1, on page 1, line 15, of this bill be amended to delete the term "neighbor island" and to read as follows:

"(1) Be a farmer or rancher in a county with a population
of less than 500,000 people;"

Thank you for the opportunity to present this testimony.



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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 16, 2022
TIME: 10am
PLACE: Via Videoconference

RE: SB3181 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 a local agriculture transportation cost reimbursement incentive program. Increasing local food production is a goal we all share. Our Hawaii farmers and agricultural producers face a range of challenges in getting their products to consumers. Transportation costs can be a significant barrier to distributing local products. Reimbursing some costs associated with transporting agricultural commodities is a common sense way for our State to support Hawaii farmers and help improve local food production. We encourage you to pass this measure and we thank you for the opportunity to testify.



Email: communications@ulupono.com

HOUSE COMMITTEE ON AGRICULTURE
Wednesday, March 16, 2022 — 10:00 a.m.

Ulupono Initiative supports SB 3181 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 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 3181 SD 1, which establishes a local agriculture transportation cost-reimbursement incentive program to be administered by the Department of Agriculture (DOA) to reimburse eligible producers for a portion of the producer's costs to transport agricultural commodities.

This bill seeks to address an ongoing issue that many local producers face statewide – transportation. As an island state, Hawai'i's producers rely on air freight, water cargo, and parcel services to transport products both within the state and to the U.S. mainland or foreign markets. Transportation remains one of the top expenses for producers, so any support from the State is welcomed.

This measure provides support to local neighbor island producers to move products within the state. While O'ahu has the strongest market for agricultural products, other islands also receive goods from O'ahu. As such, we recommend that this committee consider the removal of subsection (b)(1) regarding eligibility.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i



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e-mail info@hfbf.org; www.hfbf.org

March 16, 2022

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE

TESTIMONY ON SB 3181, SD1
RELATING TO AN AGRICULTURE

Room 325 & Videoconference
10:00 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 Hawaii Farm Bureau supports SB 3181, SD1, which establishes a local agriculture transportation cost reimbursement incentive program to be administered by the Department of Agriculture to reimburse eligible producers for a portion of the producer's costs to transport agricultural commodities.

Interisland transportation has been a major issue with neighbor island farmers and ranchers. The majority of agricultural lands are in the neighbor islands yet the population center is on Oahu. Neighbor island farmers and ranchers are disadvantaged when competing with fellow farmers and ranchers on Oahu due to additional transportation costs of bringing in supplies and sending product out. Each increase in interisland shipping rates means increased costs to these farmers and ranchers, costs that usually cannot be passed on to the vendor. This bill seeks to level the playing field by providing assistance to neighbor island farmers and ranchers.

We believe that this program will help to reduce the operating costs for our neighbor island farmers and ranchers and eventually help reduce the cost of purchasing local agriculture products for local consumers.

We respectfully offer the following recommendations.

- Expand the allowable agricultural commodities to include hemp, floriculture, horticulture, feed, fiber, and fuel.
- Provide funding for a transportation cost reimbursement incentive program coordinator.

Thank you for the opportunity to testify on this measure.

SB-3181-SD-1

Submitted on: 3/15/2022 9:03:27 AM

Testimony for AGR on 3/16/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Nathaniel Oswald	Molokai Farm Bureau President	Support	Written Testimony Only

Comments:

Please consider support for this bill. It will be vital in helping farms trying to navigate high transportation costs, and alliviate some of the high overheads that are increasing.



COMMITTEE ON AGRICULTURE

Rep. Mark J. Hashem, Chair

Rep. Amy A. Perruso, Vice Chair

SB3181, SD1

Relating to Agriculture

Wednesday, March 16, 2022, 10:00 AM

Conference Room 325

VIA VIDEOCONFERENCE

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

My name is Bobby Farias, rancher and part owner of Hawaii Meats, and **I strongly support SB3181, SD1**. The need for more local food production is important to both our food security and food resilience. Also, a strong agriculture sector will boost our local economy. The travel costs of agriculture goods between Islands have hindered the growth of available goods Statewide. This reimbursement will help more products be grown where it's best suited for the grower and then travel to the best market opportunity.

Thank you for the opportunity to testify on this important matter.

Sincerely,

Bobby Farias

SB-3181-SD-1

Submitted on: 3/15/2022 1:26:20 PM

Testimony for AGR on 3/16/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kelly King	Pacific Biodiesel Technologies	Support	Written Testimony Only

Comments:

Aloha honorable committee chair, vice chair and members,

Mahalo nui for this exceedingly important bill. With the supply chain issues and inflation that followed our Covid lockdown, this proposal could not have come at a better time for our farmers. It will help with Hawaii's food security as well as local production of energy from agriculture. Please pass SB3181 SD1 and help our agricultural community secure Hawaii's food and energy future!

Mahalo nui loa,

Kelly T. King

Vice President, Pacific Biodiesel

SB-3181-SD-1

Submitted on: 3/14/2022 11:00:36 AM

Testimony for AGR on 3/16/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Faith Tuipulotu	Individual	Support	Written Testimony Only

Comments:

I support SB3181 SD1

SB-3181-SD-1

Submitted on: 3/14/2022 11:42:17 AM

Testimony for AGR on 3/16/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Dana Keawe	Individual	Support	Written Testimony Only

Comments:

support

SB-3181-SD-1

Submitted on: 3/15/2022 3:22:29 PM

Testimony for AGR on 3/16/2022 10:00:00 AM

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

Comments:

Dear Honorable Committee Members:

Please support SB3181.

Thank you for the opportunity to present my testimony.

Andrea Quinn

Kihei, Maui