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

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. 3181

March 3, 2022
10:10 a.m.
Room 211 and Videoconference

RELATING TO AGRICULTURE

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

Senate Bill No. 3181 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.

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

**WEDNESDAY, MARCH 3, 2022
10:10 A.M.
VIA VIDEO CONFERENCE**

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

Chairperson Dela Cruz and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 3181 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.





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

ON THE FOLLOWING MEASURE:

S.B. NO. 3181, RELATING TO AGRICULTURE.

BEFORE THE:

SENATE COMMITTEE ON WAYS AND MEANS

DATE: Thursday, March 03, 2022 **TIME:** 10:10 a.m.

LOCATION: State Capitol, Room 211, Via Videoconference

TESTIFIER(S): **WRITTEN TESTIMONY ONLY.**
(For more information, contact Jodi K. Yi,
Deputy Attorney General, at (808) 586-1195)

Chair Dela Cruz and Members of the Committee:

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

This bill adds a new section in chapter 141, Hawaii Revised Statutes (HRS), which establishes 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.



COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

SB3181
RELATING TO AGRICULTURE

Thursday, March 3, 2022, 10:10 AM
VIA VIDEOCONFERENCE

Chair Dela Cruz, Vice Chair Keith-Agaran, 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 SB3181** 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. There are many challenges to producing food locally while maintaining a viable business operation. We appreciate this bill that would alleviate economic strains that farmers and ranchers experience. Transportation is a large portion of a producer's expenses, but it is a necessary expense as food production often happens away from the areas of high population. With continually rising costs, this assistance from the state is appreciated and will help tremendously.

We appreciate the opportunity to testify on this measure.

Nicole Galase
Hawaii Cattlemen's Council
Managing Director





Email: communications@ulupono.com

SENATE COMMITTEE ON WAYS & MEANS
Thursday, March 3, 2022 — 10:10 a.m.

Ulupono Initiative supports SB 3181, Relating to Agriculture.

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 3181, 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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March 3, 2022

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON SB 3181
RELATING TO AN AGRICULTURE

Conference Room 211 & Videoconference
10:10 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 Hawaii Farm Bureau supports SB 3181, 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.



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Toby Taniguchi, KTA Superstores, *Advisor*
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TO: Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: March 3, 2021
TIME: 10:10am
PLACE: Via Videoconference

RE: SB3181 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.

SB-3181

Submitted on: 3/1/2022 5:15:13 PM

Testimony for WAM on 3/3/2022 10:10:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Gerard Silva	Individual	Oppose	No

Comments:

Stop Ripping the Farmers off!!

SB-3181

Submitted on: 3/2/2022 12:55:24 AM

Testimony for WAM on 3/3/2022 10:10:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Janet L Pappas	Individual	Support	No

Comments:

I strongly support Bill SB3181 to create a cost reimbursement incentive program to help farmers with the costs of getting their produce to markets.