

**JOSH GREEN, M.D.**  
Governor

**SYLVIA LUKE**  
Lt. Governor



**JAMES J. NAKATANI**  
Executive Director

STATE OF HAWAII  
**AGRIBUSINESS DEVELOPMENT CORPORATION**

235 S. Beretania Street, Suite 205  
Honolulu, HI 96813  
Phone: (808) 586-0186 Fax: (808) 586-0189

**ESTIMONY OF JAMES J. NAKATANI**  
**EXECUTIVE DIRECTOR**  
**AGRIBUSINESS DEVELOPMENT CORPORATION**

**BEFORE THE COMMITTEE ON FINANCE**

Wednesday, March 29, 2023

3:00 p.m.

Conference Room 308  
& Videoconference

**SENATE BILL NO. 818 SD1, HD2**  
**RELATING TO AQUACULTURE**

Chair Yamashita, Vice Chair Kitagawa and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 818 SD1, HD 2 relating to aquaculture. The Agribusiness Development Corporation (ADC) supports this measure, which transfers the aquaculture program from the Hawaii Department of Agriculture (HDOA) to ADC.

Transferring the aquaculture program from HDOA to ADC, which is administratively attached to the Department of Business, Economic Development, and Tourism (DBEDT) could be beneficial to the State because its objectives support DBEDT's mission, which is to achieve a Hawaii economy that embraces innovation and is globally competitive, dynamic and productive, providing opportunities for all Hawaii citizens. HDOA's aquaculture branch

generates diversified agriculture solutions for moving Hawaii towards greater food self-sufficiency and fosters viable export industries. To no fault of their own, HDOA's priority and primary functions are regulatory and enforcement. Unfortunately, this mean non-regulatory functions, including the development a long-term vision and overall plan for economic development to support Hawaii aquaculture industry, are secondary.

We appreciate the foresight and intent of this measure to support the aquaculture program, and the amendment to the effective date to give the agencies involved ample time for discussion and to facilitate the transfer. With regards to the funding appropriation, we support this bill provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget.

Thank you for your consideration of our testimony.

**JOSH GREEN, M.D.**  
Governor

**SYLVIA LUKE**  
Lt. Governor



**SHARON HURD**  
Chairperson, Board of Agriculture

**MORRIS M. ATTA**  
Deputy to the Chairperson

State of Hawai'i  
**DEPARTMENT OF AGRICULTURE**  
KA 'OIHANA MAHI'AI  
1428 South King Street  
Honolulu, Hawai'i 96814-2512  
Phone: (808) 973-9600 FAX: (808) 973-9613

**TESTIMONY OF SHARON HURD**  
**CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEE ON FINANCE**

**MARCH 29, 2023**  
**3:00 PM**  
**CONFERENCE ROOM 308**

**SENATE BILL NO. 818 SD1 HD2**  
**RELATING TO AQUACULTURE**

Chairperson Yamashita and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 818 SD1 HD2. The bill transfers the Aquaculture Program (ADP) from the Department of Agriculture to the Agribusiness Development Corporation (ADC) and appropriates moneys. After careful consideration, the Department has concluded that there is no strategic nor tactical benefit for the ADP to be moved to ADC. Therefore, the Department opposes this bill. The ADP should remain in the Department to leverage the singular focus on agriculture and synergy between divisions and staff. The Department acknowledges and has been addressing the Legislature's concern that aquaculture has not previously been provided the requisite resources to expand the industry in an optimal manner.

The Department comments that this is a year of transition wherein the Animal Industry Division (AID) is asking to establish a meat inspection program, foster axis deer processing, support processes for aquatic livestock species review for import and focus on the disease mission of the AID that currently includes bovine TB and biosecurity threats such as Highly Pathogenic Avian Influenza, Avian Swine Fever or other Foreign Animal Disease preparedness actions. AID can accomplish this with support from the



Legislature and comments that transitioning the ADP to ADC, rather than augmenting the ADP within the Department, would detract from efforts to invigorate the Department.

The Department makes the following requests and comments that these requests may take 2 – 5 years to realize.

- The Aquaculture Development Program will be raised to a division level within the Department. This action will position aquaculture as a priority in Department planning. The current program manager position will be upgraded to a Division Administrator (EM-7 / \$11,196) and a Secretary III position (SR-16 / \$49,860) will be added. These personnel changes require Legislative support.
- Request the Legislature to support the intent of SB114 and HB489, which moves the administration of the importation and movement of aquatic livestock in the State from the Plant Industry Division to the Animal Industry Division. Both bills did not advance in their respective referral paths but the ability to directly administer the importation and movement of aquatic species would be an influential industry development tool for ADP. However, regardless of the final status of the bills, the Department will initiate this transfer. As noted in the SB114 and HB488 testimony, \$900,000 is requested to develop a risk-based decision-making framework to support the movement administration. The Department will initiate the required Hawaii Administrative Rule changes.
- Request the Legislature to support the intent of SB115 and HB488 by adding leasing ability to the aquaculture program. Both bills did not advance in their respective referral paths but the ability to directly administer leases would be an influential industry development tool for ADP. The Department will initiate the required Hawaii Administrative Rule changes to support the corresponding Hawaii Revised Statute changes in the legislation.
- Request the Legislature to support the development of aquaculture parks statewide under the administration of the Aquaculture Development Program as

an offshoot of SB115, SB650, and HB488. The stalled SB650 required the Department to conduct a feasibility study to identify potential sites in the State for an aquaculture park which will establish a baseline of location criteria. Estimated cost is \$500,000. In addition, this bill (SB818) already identifies two possible initial aquaculture park sites on Oahu. The Legislature is requested to support the funding of a Wilikina Hatchery and Training Center (\$12M) and a Mokuleia Innovation Center (\$15M) with planning in collaboration with existing tenants. The Department will initiate the required Hawaii Administrative Rule changes.

- Request the Legislature to support the funding of the following projects:
  - Develop scientific baselines for greenhouse hydroponic production (2 years) - \$2M. Controlled environment agriculture can be very efficient and productive. This project will establish baselines for nine key variable and identify and validate the best greenhouse design(s) suited to Hawaii’s environment.
  - Optimize a modular hatchery/nursery system to produce consistent and healthy seaweed seedstock (2 years) - \$1M. Clean seedstock is the foundation for the seaweed industry development. This project will identify and validate the best modular seaweed hatchery design that can be replicated on each island.

The requested funding is summarized in the table below.

Upgrade branch manager to division administrator and add a secretary III position	\$61,056
Develop a risk-based import and movement framework	\$900,000
Develop a feasibility study to identify potential sites for aquaculture parks	\$500,000
Develop a Wilikina Hatchery and Training Center	\$12,000,000
Develop a Mokuleia Innovation Center	\$15,000,000
Develop scientific baselines for greenhouse hydroponic production	\$2,000,000

Modular hatchery/nursery system - produce consistent and healthy seaweed seedstock	\$1,000,000
<b>Total</b>	<b>\$31,461,056</b>

Combining the support of the Legislature with tactically sound program development will be a make an unmistakable impact on the aquaculture industry. As such, the Department opposes this measure and urges restraint in removing the program from the Department's purview and oversight.

Thank you for the opportunity to testify on this measure.



House Committee on Finance  
Rep. Kyle T. Yamashita, Chair  
Rep. Lisa Kitagawa, Vice Chair  
Wednesday, March 29, 2023 3:00PM  
VIA VIDEOCONFERENCE  
Conference Room 308

Re: Testimony in support of intent re SB818 SD1 HD2 Relating to Aquaculture

Aloha Chair Yamashita, Vice Chair Kitagawa, and Committee Members,

The Hawaii Aquaculture and Aquaponics Association (HAAA) with industry membership statewide and active industry involvement in the Pacific region and nationally, supports the intent of SB818 SD1 HD2.

We are very appreciative of the significant efforts undertaken by the leadership and members of the House Water and Land Committee to craft essential and beneficial amendments to SB 818 SD1 HD1. We respectfully request your consideration of three additional amendments discussed among industry members to address three important remaining concerns with measure.

1. **-Do not repeal HRS Section 141-52, subsection (a), item (5).**  
This item allows the Department of Agriculture to "undertake activities required to develop and expand the aquaculture industry." Deleting this item is contradictory (since items 1-4 and item 6 authorize DOA to take various actions that are required to develop and expand the aquaculture industry) and also unnecessary (since there is no reason why both DOA and ADC shouldn't *both* support aquaculture development on their respective lands).
2. **-Authorize a one-year independent siting study for the proposed aquaculture park.**  
One of the Hawaii Aquaculture Consortium (HAC)'s stated priorities is a study by an independent consultant of potential sites for an aquaculture park on O'ahu similar in concept to the successful HOST Park at NELHA in Kailua-Kona, but not necessarily using deep, cold ocean water. Earlier versions of SB 818 requested funding for parks at two

potential sites, but without any consultation with industry to determine whether or not those sites were actually desirable. The Water and Land Committee wisely removed these specific requests, and simply included potential funding for a single park. An independent study with extensive industry participation should determine the best site to establish this essential facility.

**3. -Specify DOA's Agricultural Resource Division as the agency authorized to expend funds to develop the aquaculture park, in consultation with ADC.**

DOA's Agricultural Resource Division is already authorized to develop, lease, and operate agricultural parks, and has long experience in this area. In contrast, ADC has minimal staff with no experience managing aquaculture facilities. Further, ADC does not currently provide long-term leases for its agricultural tenants. Most modern aquafarms have a good deal of infrastructure -- tanks, troughs, pumps, piping, aerators, and accessory structures - that require a substantial investment of money and time to install. Short-term entry permits and licenses do not provide sufficient tenure and security for farmers to obtain federal and private loans and investment, and to install the necessary equipment, let alone enough time to make a worthwhile profit on this substantial investment.

Thank you for the opportunity to testify regarding the HAAA's support of the intent of this measure and our three requested amendments. We strongly believe that these additional amendments will enable this legislation to meet its goal of being truly supportive of our Hawaii aquaculture industry and result in significant increases in local seafood production, import substitution, food security, and seafood exports.

Sincerely,

A handwritten signature in black ink, reading "Ronald P. Weidenbach". The signature is written in a cursive, flowing style.

Ronald P. Weidenbach,



**SB-818-HD-2**

Submitted on: 3/28/2023 4:18:22 AM

Testimony for FIN on 3/29/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Glenn Martinez	HAAA	Oppose	Written Testimony Only

Comments:

The Agriculture Business Development has no track record for supporting Aquaculture or issuing long-term leases.

Aquaponic folks invest a LOT of money on infrastructure and need TIME to recoup the investment.

HAAA has suggested amendments to address to shortcomings.

I can only support the bill if Amendments are accepted.

**SB-818-HD-2**

Submitted on: 3/28/2023 7:28:48 AM

Testimony for FIN on 3/29/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jeremy Esposito	Pacific Hybreed INC	Comments	Written Testimony Only

Comments:

I support HAAA's request for amendments

# AQUACULTURE

PLANNING & ADVOCACY LLC

HOUSE OF REPRESENTATIVES  
THE THIRTY-SECOND LEGISLATURE  
REGULAR SESSION OF 2023

COMMITTEE ON FINANCE

Rep. Kyle T. Yamashita, Chair

Rep. Lisa Kitagawa, Vice Chair

Rep. Micah P.K. Aiu	Rep. Rachele F. Lamosao
Rep. Cory M. Chun	Rep. Dee Morikawa
Rep. Elle Cochran	Rep. Scott Y. Nishimoto
Rep. Andrew Takuya Garrett	Rep. Mahina Poepoe
Rep. Kirstin Kahaloa	Rep. Jenna Takenouchi
Rep. Darius K. Kila	Rep. David Alcos III
Rep. Bertrand Kobayashi	Rep. Gene Ward

NOTICE OF HEARING

DATE: Wednesday, March 29, 2023  
TIME: 3:00 p.m.  
PLACE: VIA VIDEOCONFERENCE  
Conference Room 308  
State Capitol  
415 South Beretania Street

Chair Yamashita, Vice Chair Kitagawa, Members of the Committee on Finance:

My name is John Corbin and I support SB 818 SD 1, HD 2, which would enable the Agribusiness Development Corporation (ADC) to provide specified support to the aquaculture industry and develop an aquaculture park. However, I would like to offer some amendments to align the bill more with industry interests.

I managed the State Aquaculture Development Program from 1978 to 2006, when I left it was in the Department of Agriculture (DOA). I have continued industry involvement through consulting and membership in the Hawaii Aquaculture and Aquaponics Association and the USDA Regional Aquaculture Center. Further, I also served almost continuously from 1980 to 2006 as a Board member of the Natural Energy Laboratory of Hawaii Authority and provided an aquaculture perspective to its overall development.

While the intent of this bill is clear, I respectfully suggest the following amendments are needed:

- 1) Do not repeal HRS Section 141-52, subsection (a), item (5) of the DOA Aquaculture Program statute.

Should ADC get this responsibility to support the business of aquaculture, including processing, distribution, and marketing, there is no good reason that DOA, as the lead State agency, to be restricted from undertaking, any and all, activities required to develop and expand the

# AQUACULTURE

## PLANNING & ADVOCACY LLC

statewide industry. The U.S. aquaculture industry is on an expansion trajectory and is changing rapidly with new technologies and species and Hawaii development leaders will have to keep up. Moreover, there may be opportunities for the two agencies to cooperate on a project.

- 2) Provide funds specifically for a site determination study for the proposed aquaculture park.

Industry strongly supports the idea of establishing aquaculture parks for research and/or commercial farming. NELHA is one model that has proved very successful. The House WAL Committee wisely deleted specific references to funding two centers on Oahu and made the enabling language more general.

My experience is finding appropriate aquaculture sites, much less developing them, is a challenging task. Proper site selection is key to ensure a proper environment for farming, that is, soils, sunlight, access to fresh and salt water, and ability to discharge used water. Spending time and money finding a viable site is worthwhile before millions of dollars are spent on infrastructure.

- 3) Specify the DOA's Agricultural Resource Division as the agency authorized to expend the funds for aquaculture park planning and development, in consultation with ADC.

While ADC has handled land and water development with respect to finding uses for former sugar and pineapple plantation land and water, they have no experience with aquaculture. Moreover, a recent audit has questioned its management processes. DOA's Agricultural Resource Division is the entity in DOA that establishes and manages agricultural parks, hence should be the lead in aquaculture park development.

While I was Manager of the Aquaculture Development Program, under DOA, we took a look at establishing an aquaculture park in Kahuku, It did not materialize, but it was clear that there is nothing in the Agriculture Park Statute that prevents DOA from establishing an aquaculture park, if directed by the legislature and given the funding.

Thank you for the opportunity to provide these comments.



**HIplan**  
www.HIplan.biz

**PO Box 1095  
Kurtistown Hawaii  
96760  
808-938-2840**

March 29, 2023

House Committee on Finance

Rep. Kyle T. Yamashita, Chair

Rep. Lisa Kitagawa, Vice Chair

**Re: Testimony in support of intent re SB818 SD1 HD2**

Dear Committee:

I am writing to express my strong support of **SB818 SD1 Relating to Aquaculture**.

I recognize the significant efforts by the leadership and members of the House Water and Land Committee to craft amendments to SB 818 SD1 HD1. I respectfully request you consider three additional amendments discussed among industry members to address important remaining concerns with measure:

**1. Do not repeal HRS Section 141-52, subsection (a), item (5).**

This item allows the Department of Agriculture to “undertake activities required to develop and expand the aquaculture industry.”

**2. Authorize a one-year independent siting study for the proposed aquaculture park.**

One of the Hawaii Aquaculture Consortium (HAC)’s stated priorities is a study by an independent consultant of potential sites for an aquaculture park on Oahu similar in concept to the successful HOST Park at NELHA in Kailua-Kona, but not necessarily using deep, cold ocean water. An independent study with extensive industry participation should determine the best site to establish this essential facility.

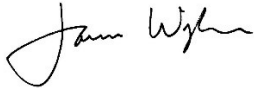
**3. Specify DOA’s Agricultural Resource Division as the agency authorized to expend funds to develop the aquaculture park, in consultation with ADC.**

DOA’s Agricultural Resource Division is already authorized to develop, lease, and operate agricultural parks, and has long experience in this area. In contrast, ADC has minimal staff with no experience managing aquaculture facilities. Most modern aquafarms have a good deal of infrastructure that require a substantial investment of money and time to install. Short-term entry permits and licenses do not provide sufficient tenure and security for farmers to obtain federal

and private loans and investment, and to install the necessary equipment, let alone enough time to make a worthwhile profit on this substantial investment.

Thank you for the opportunity to testify regarding my support of this measure and our three requested amendments. I strongly believe that these additional amendments will enable this legislation to meet its goal of being truly supportive of our Hawaii aquaculture industry and result in significant increases in local seafood production, import substitution, food security, and seafood exports.

Aloha,

A handwritten signature in black ink, appearing to read "Jim Wyban". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jim Wyban PhD

President

HIplan

2029 Nuuanu Ave. #1510  
Honolulu, Hawai'i 96817  
March 27, 2023

Representative Kyle T. Yamashita, Chair, and Representative Lisa Kitagawa, Vice Chair  
House Committee on Finance  
State Capitol, 415 S. Beretania St.  
Honolulu, Hawai'i 96813

Dear Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee,

I support the intent of SB 818 SD1 HD2, "Relating to Aquaculture," to promote expansion of aquaculture in Hawai'i. I opposed the bill in its earlier versions, which would have transferred the entire State aquaculture program to the Agribusiness Development Corporation, but amendments made by the House Water and Land Committee have relieved many of my concerns.

I have made my living in aquaculture and aquaponics in Hawai'i since the late 1970's. I have been a member of the Hawai'i Aquaculture and Aquaponics Association since the 1980's, and its treasurer since 2009. During my time in the industry, aquaculture has grown into a major component of Hawai'i's diversified agriculture, with sales of almost \$80 million in 2021 and with much room for further growth. I strongly support the further responsible development of this industry.

While I support the intent of the HD2 version of SB 818, I believe it still needs further amendments in order to accomplish its goal of increasing aquaculture production. I respectfully submit the following suggested amendments:

- **Do not repeal HRS Section 141-52, subsection (a), item (5).**

This item allows the Department of Agriculture to "undertake activities required to develop and expand the aquaculture industry." Deleting this item is contradictory (since items 1-4 and item 6 authorize DOA to take various actions that are required to develop and expand the aquaculture industry) and also unnecessary (since there is no reason why both DOA and ADC shouldn't *both* support aquaculture development on their respective lands).

- **Authorize a one-year independent siting study for the proposed aquaculture park.**

One of the Hawaii Aquaculture Consortium's stated priorities is a study by an independent consultant of potential sites for an aquaculture park on O'ahu similar in concept to the successful HOST Park at NELHA in Kailua-Kona, but not necessarily using deep, cold ocean water. Earlier versions of SB 818 requested funding for parks at two potential sites, but without any consultation with industry to determine whether or not those sites were actually desirable. The Water and Land Committee wisely removed these specific requests, and simply included potential funding for a single park. An independent study with extensive industry participation should determine the best site to establish this essential facility.

- **Specify DOA's Agricultural Resource Division as the agency authorized to expend funds to develop the aquaculture park, in consultation with ADC.**

DOA's Agricultural Resource Division is already authorized to develop, lease, and operate agricultural parks, and has long experience in this area. In contrast, ADC has minimal staff with no experience managing aquaculture facilities. Further, ADC does not currently provide long-term leases for its agricultural tenants. Most modern aquafarms have a good deal of infrastructure -- tanks, troughs, pumps, piping, aerators, and accessory structures -- that require a substantial investment of money and time to install. Short-term entry permits do not provide enough security for farmers to obtain loans and install the necessary equipment, let alone enough time to make a worthwhile profit.

Thank you for the opportunity to testify on this proposed legislation, and for your support of Hawai'i's growing aquaculture industry.

Sincerely,

A handwritten signature in black ink that reads "Frederick M. Mencher". The signature is written in a cursive style with a large, stylized initial 'F'.

Frederick M. Mencher



**SB-818-HD-2**

Submitted on: 3/28/2023 8:53:44 AM

Testimony for FIN on 3/29/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Maria Haws	Individual	Oppose	Written Testimony Only

Comments:

Aloha:

As an aquaculture professional who has worked on aquaculture development in Hawaii for 24 years, I greatly appreciate the initiatives taken by the proposers of SB818 to promote more aquaculture development. However, the bill has flaws and will actually disrupt management and development of aquaculture. Creating more aquaculture parks is desirable, but this will not address the main challenge to aquaculture, i.e. irrational permitting procedures and the failure of state agencies to issue permits in a rational and timely manner.

I would encourage any member of the legislature who wants to encourage aquaculture to focus on the main impediment to aquaculture development, i.e. burdensome regulations and the failure of some state agencies to issue permits in a timely fashion. Many of us are not being issued permits in less than a year, and some do not even receive the courtesy of a response. The last permit I applied for which was to collect a few fish for hatchery production took one year and ten months to obtain. I was only able to obtain that permit by repeated appeals to that agency's Director.

While creating new aquaculture parks is a great idea, their tenants will still face the same regulatory problems that the current NELHA tenants do. Please focus on the regulatory issues first!

However, if SB8181 is to be considered, please take into account the testimony submitted by the Hawaii Aquaculture and Aquaponics Association as it makes positive and credible recommendations for modifying the bill so as not to impact existing aquaculture companies and researchers.

Sincerely,

Maria Haws, Ph.D.