

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
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TESTIMONY OF SHARON HURD
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON AGRICULTURE AND FOOD SYSTEMS

FRIDAY, FEBRUARY 3, 2023
9:00 A.M.

CONFERENCE ROOM 325 AND VIDEO CONFERENCING

HOUSE BILL NO. 1426
RELATING TO VALUE-ADDED PRODUCTS

Chairperson Gates and Members of the Committee:

Thank you for the opportunity to present testimony on House Bill 1426. This bill establishes a food and product innovation network within the Agribusiness Development Corporation (ADC) and appropriate moneys for food and product innovation facilities on the islands of Molokai and Oahu.

The Department of Agriculture supports this measure and provides comment. With the COVID-19 pandemic behind us, this new initiative may provide the catalyst for launching innovations in food products, processing technology, packaging processes, creative food supply chain logistics, and novel marketing channels for both local and export markets. Innovation further drives economic efficiencies and raises a competitive advantage. If Hawaii is to remain competitive globally, we need to produce the latest innovation to hit the marketplace.

Thank you for the opportunity to testify on this measure.



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
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TESTIMONY OF JAMES J. NAKATANI
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE COMMITTEE ON AGRICULTURE

Friday, February 03, 2023

9:00 a.m.

VIA VIDEO CONFERENCING

Conference Room 325

HOUSE BILL NO. 1426
RELATING TO VALUE-ADDED PRODUCTS

Chairperson Gates and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 1426. The Agribusiness Development Corporation (ADC) supports this measure, which establishes a food and product innovation network within the Agribusiness Development Corporation and appropriates moneys for food and product innovation facilities on the islands of Molokai and Oahu.

The ADC appreciates any support from the Legislature to help it make optimal use of agricultural assets for the economic, environmental, and social benefit of the people of Hawaii. The ADC concurs that agencies involved in the creation and development of value-added products should establish a network to share expertise. The sharing of information and ideas is invaluable and will help foster entrepreneurs and spur economic development statewide.

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.



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
House Committee on Agriculture & Food Systems
Friday, February 3, 2023 at 9:00 a.m.

By

Erika Lacro

Vice President for Community Colleges
University of Hawai'i

HB 1426 – RELATING TO VALUE-ADDED PRODUCTS

Chair Gates, Vice Chair Kahaloa, and Members of the Committee:

The University of Hawai'i Community Colleges are in support of HB 1426, which establishes under the Agribusiness Development Corporation a “food and product innovation network” providing access to facilities, resources, expertise and education to capitalize on the “Made in Hawai'i” brand and supporting the strengthening and diversification of the local agriculture economy.

Synergies between network members can expand access statewide, and leverage resources while avoiding unnecessary duplication in support of innovation and business development.

Further clarification of “open-access food” would support better alignment of Network members and their responsibilities within the network.

The University of Hawai'i supports the intent of HB 1426, on the condition that any funds appropriated in support of this program does not supplant any portion of the University's budget request.

Thank you for the opportunity to provide testimony in support of HB 1426.



Environmental Caucus of
The Democratic Party of Hawai'i

Agriculture & Food Security Committee

Friday, February 3, 2023, 9:00 am

House Committee on Agriculture & Food Systems

HOUSE BILL 1426 – RELATING TO VALUE-ADDED PRODUCTS

Position: Support

Me ke Aloha, Chair Gates, Vice-Chair Kahaloa, and members of the House Committee on Agriculture & Food Systems:

HB1426 establishes a food and product innovation network to advance and promote products under a “made in Hawai’i” brand, composed of innovation centers on various islands of Hawai’i.

The Caucus’ Agriculture & Food Security Committee supports the notion of developing value-added products and processing facilities to aid the efforts of farmers engaged in export as well as in augmenting local food production.

This network can also help develop capacity for longer-term storage of surplus produce, against expected food supply disruptions, such as a likely hurricane closing port facilities, which could otherwise lead local families to starve. Hawai’i is 85-90% dependent on importations of basic foods as well as elective food choices, with only a 2-day supply on hand at any time. Local farmers produce primarily for the tourism and middle class markets, following a “just-in-time” model, while a growing majority of the population is unable to keep up with market pricing, instead incurring obesity and diabetes on suboptimal and poor nutritional fast food.

In general, Hawaii has always placed greater emphasis on export agriculture than on feeding our own population, as it once was quite capable of doing. Until policy-makers get their heads around the serious need of local families to build better health around a good diet, the current marketing priorities need to build capacity for replacing excessive imports. The networking required for this bill can also benefit building the infrastructure as well as the expertise for providing affordable produce for working families and enlarging the productivity of food production to replace the massive scale of imports required to fill grocery shelves.

Mahalo for the opportunity to address this matter.

/s/ Charley Ice, Acting Chair, Agriculture and Food Security Committee
Environmental Caucus of the Democratic Party



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February 3, 2023

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS

TESTIMONY ON HB 1426
RELATING TO VALUE-ADDED PRODUCTS

Conference Room 325 & Videoconference
9:00 AM

Aloha Chair Gates, Vice-Chair Kahaloa, 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 HB 1426, which establishes a food and product innovation network within the Agribusiness Development Corporation and appropriates moneys for food and product innovation facilities on the islands of Molokai and Oahu.

As expenses rise, increases in farm revenues and profits are critical to the continued viability of farms and ranches. One way farmers can do this is by "adding value" to raw agricultural crops. Currently, off-grade and excess production is sometimes wasted due to market conditions. Converting them into value-added products will not only increase farm revenue but also provide new business opportunities, increase employment opportunities, and address Hawai'i's goals of increased self-sufficiency and sustainability.

High production costs are a major driver of narrow profit margins for Hawai'i's farmers and value-added food producers. Labor, taxes, land, transportation, utilities, and supplies are all costs of doing business that often results in value-added food producers just being able to break even.

If a Hawai'i farmer or entrepreneur wants to process an off-grade product into a value-added product they are usually forced to send it to the mainland because Hawai'i lacks value-added processing facilities. This cost of transportation to and from the mainland is often enough to discourage farmers from pursuing value-added production.

Hawai'i is potentially losing millions of dollars because of the cost to process agricultural crops into value-added products. A network of food and value-added facilities in Hawai'i will support the production of new value-added products so that farmers can increase their income while allowing locally produced value-added goods can compete with

imported products, and expand into new export markets, strengthening our local economy.

The strength of Hawai'i's economy is dependent upon a diversity in commerce that is resilient to economic downturns and aggressive in creating new growth opportunities.

Thank you for the opportunity to testify on this measure.



Email: communications@ulupono.com

HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS
Friday, February 3, 2023 — 9:00 a.m.

Ulupono Initiative supports HB 1426, Relating to Value-Added Products.

Dear Chair Gates 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 choices, and better management of freshwater resources.

Ulupono supports HB 1426, which establishes a food and product innovation network within the Agribusiness Development Corporation and appropriates moneys for food and product innovation facilities on the islands of Molokai and O'ahu.

According to the USDA, U.S. farm establishments received 14.5 cents per dollar spent on domestically produced food in 2021. This was the lowest recorded farm share value in nearly three decades.¹ In Hawai'i, leaf lettuce growers receive \$2–\$4 per pound for raw product. Some of these leaf lettuce growers add value to their product by washing, cutting, packaging and mixing multiple leaf lettuce varieties into retail ready clamshell boxes. By doing this minimal value-added processing, these leaf lettuce growers can increase their price to \$9–\$12 per pound.

Another way farmers can increase their profitability is to create value-added products with their off-grade produce. Off-grade produce can be perfectly edible, but might not be “good looking” enough for grocery shoppers. Depending on the type of produce, the percentage of a harvest that might be classified as off-grade can range from 10% to 40%.² Farmers have trouble selling off-grade produce, so it is often wasted. By figuring out innovative ways to add value to off-grade produce, farmers will be able to utilize more of their harvest and generate profit from produce that would otherwise go unused.

As Hawai'i's local food issues become increasingly complex and challenging, local producers and local food entrepreneurs will need additional resources and support to address and overcome them. We appreciate this committee's efforts to look at policies that support local food production and the success of our farmers and ranchers.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

¹ <https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=105281#:~:text=U.S.%20farm%20establishments%20received%2014.5.value%20in%20nearly%20three%20decades.>

² https://www.salon.com/2019/09/08/study-finds-farm-level-food-waste-is-much-worse-than-we-thought_partner/ and <https://www.sciencedirect.com/science/article/pii/S0921344919301296>



Food+ Policy Internship 2023

food@purplemaia.org

February 2, 2023

To: Chair Gates, Vice Chair Kahaloa and the House Committee on Agriculture & Food Systems

Subject: HB 1426, Relating To Value-Added Products

Aloha Hawaii State Legislators,

We are writing to express our support for HB 1426 – which would establish a local food innovation network in Hawaii. We strongly believe that this network would greatly benefit our state by providing the necessary resources and support for new food businesses to get off the ground.

The creation of this network will provide entrepreneurs with access to facilities and equipment, expert mentorship, and a supportive community of like-minded individuals. These resources will help new businesses overcome the many challenges faced when starting a food company, such as securing certified food processing space, developing a marketing strategy, and navigating the local food supply chain. In addition, the network will promote the growth of the local food industry, creating new jobs and helping to build a stronger, more sustainable economy for our people.

In conclusion, we urge you to support this bill and help bring the local food innovation network to life. The benefits it will bring to our state are immeasurable, and we believe it will help to shape the future of food in Hawaii.

Thank you for your time and consideration.

Mahalo,

Tierra Bartolotti & 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 2023, the cohort of interns are undergraduate 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.



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February 1, 2023

Hawaii State Legislature
House of Representatives
Hawai'i State Capitol
415 South Beretania St
Honolulu, HI 96813

Aloha,

RE: Written Testimony for HB 1426 RELATING TO VALUE-ADDED PRODUCTS

I would like to submit comments in relation to HB1426. I am currently in support of the purpose of the bill as proposed, but feel it is important to include all major initiatives focused on meeting this purpose to avoid the state undermining existing initiatives which already have invested significant time and resources.

The Hāmākua Institute serves as the conveners and facilitators of the [Hawai'i Island Agriculture Partnership](#) (HIAP) a public-private partnership dedicated to promoting agricultural growth by increasing value added processing capacity and infrastructure on the island. The partnership includes all key stakeholders supporting agriculture on this island including the County of Hawaii, UH-Hilo, Hawai'i Community College and several others.

The members of this partnership devoted a significant amount of time, funding and planning resources to planning and developing a proposal for the Economic Development Administration's Build Back Better Regional Challenge (BBBRC) centered around an agricultural innovation center in Hilo, hosted by The Food Basket at a property purchased for this purpose. The proposal won a Phase 1 award (the only winners in Hawaii out of 7 applications from our state), but were unable to secure a highly competitive Phase 2 award. All partners in our coalition are now seeking other sources of funding to continue this important collaborative effort.

Our own organization, the County of Hawai'i and all of our coalition partners have made incredible progress in identifying value added solutions for our local agricultural economy. If the agricultural innovation center planned for Hilo is left out of this bill, that progress will be jeopardized.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dennis Flemming", with a small blue dot at the end of the signature.

Dennis Flemming
Founder and Executive Director
Hāmākua Institute
P.O. Box 60, Ninole, HI, 96773
(808)-937-7372



THE FOOD BASKET

HAWAI'I ISLAND'S FOOD BANK

February 2, 2023

To: The Honorable Representative Cedric Asuega, Chair
The Honorable Representative Kirstin Kahaloa, Vice Chair
Committee on Agriculture

From: Kristin Frost Albrecht, Executive Director
The Food Basket, Hawaii Island's Food Bank

EXECUTIVE DIRECTOR

KRISTIN FROST ALBRECHT

BOARD OF DIRECTORS

ANN EBESUNO BOARD CHAIR

MARK KRZYZANOWSKI VICE-CHAIR

DENNIS LIN TREASURER

JULIA ZEE SECRETARY

STEPHEN UEDA

WARREN LEE

SAMANTHA COLLINS

Testimony in Strong Support of an Amendment to HB1426, Relating to Value-added Products

Aloha, Chair Asuega and Vice Chair Kahaloa,

My name is Kristin Frost Albrecht, and I am the Executive Director of The Food Basket Inc., Hawai'i Island's Food Bank (TFB). Our mission is to "End hunger in Hawaii County". We strongly support an amendment to this bill to include the food and product innovation facility on Hawai'i Island that has been in development with the County of Hawai'i Coalition, funded through the Phase 1 of the Economic Development Administration Building Back Better grant awarded in December 2021. The facility will be a state-of-the-art Agriculture Innovation Center and is in process of being developed on 24.4 acres on Ponahawai St. in Hilo as part of the project known as the Agriculture Innovation Park and Food System Campus (AIPFSC).

To meet the growing hunger and economic challenges in Hawai'i, TFB is developing the AIPFSC to provide safe, nutritious, fair, and affordable food that increases economic prosperity within the region. The campus will significantly increase commercial food production for import substitution and regional economic growth by supplying aggregation, value-added, and distribution capacity to provide food producers with the supply chain integration needed to increase income and job creation in the agricultural cluster. The project is focused on sustaining viable agriculture and ecosystems to meet the challenges resulting from the pandemic, recent natural disasters, and ongoing climate change impacts. Using an inclusive community-led planning and design process, TFB will construct the Agriculture Innovation Center. The state-of-the-art facility will support agricultural production and processing, increasing the economic opportunity of local

WWW.HAWAIIFOODBASKET.ORG

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73-4161 ULU Wini Place, Kailua-Kona, HI 96740
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producers and food-related businesses, as well as highly paid skilled jobs within the Hawai'i Island region. The facility is a central component in the County of Hawai'i Coalition's commitment to building a transformative and resilient agricultural and food landscape for future generations in the Hawai'i region.

This innovative, value-added production-focused facility will provide spaces and mechanisms to bring island products to market with equipment for food manufacturing, processing, and co- packing. The center is based on system needs identified in the Hawai'i Island Agriculture and Food System Study led by the Hawai'i Island Agricultural Partnership (HIAP) and Hawai'i Island Food Alliance (HIFA). The study identified the need for processing, co-packing, and co- manufacturing capacity for food operations and agricultural operations on the island. The center will include: a) Culinary/Value Added Agricultural Production Space for farmers/small producers and community members; b) Commercial Kitchen Space for volume food preparation for food access needs; c) Training Kitchen Space for workforce training (including the master food preservers program); d) Food Science Lab Space for state of the art product development; e) Food Manufacturing Processing Lines to allow small product manufacturers and/or farmers to scale (high pressure pasteurization), dehydration, individual quick freezing, bottling, canning, packaging); f) Co-manufacturing and co-packing offerings; g) Individual agriculture and/or food Production Spaces.

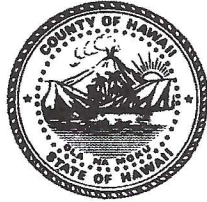
We respectfully ask your committee to amend this bill to include the Agriculture Innovation Center under development in the County of Hawai'i as part of the establishment of the food and product innovation network of open-access food and value-added product development facilities to enable businesses to scale up new products from research and development to manufacturing and commercialization.

Thank you for the opportunity to testify.



Kristin Frost Albrecht
Executive Director, The Food Basket Inc., Hawai'i Island's Food Bank

Mitchell D. Roth
Mayor



Douglass S. Adams
Director

Robert Agres, Jr.
Deputy Director

County of Hawai'i

DEPARTMENT OF RESEARCH AND DEVELOPMENT

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Dear Chair Gates, Vice Chair Kahaloa, and Members of the Committee on Agriculture and Food Systems,

Thank you for the opportunity to submit testimony in support of House Bill 1426. The County of Hawai'i is highly supportive of statewide collaboration to ensure that these open-access food and value-added product development facilities throughout the state are feasible and successful. The County of Hawai'i is requesting an amendment to the bill to include two additional open-access food and value-added product development facilities, one in Hilo and one in Kailua-Kona, be added to the list of the network partners, with funding appropriated.

There has been extensive work done by Ag and Food Systems partners to increase the value chain infrastructure for producers and value-added producers on Hawai'i Island. The 2021 [Hawai'i Island Agriculture and Food System Study](#) and the [Hilo Agricultural Hub Feasibility Study](#) identified the demand for open-access food and value-added product development facilities on Hawai'i Island. The [Hawai'i Island Agriculture and Food System Study](#) was initiated by the Hawai'i Island Agriculture Partnership (HIAP) in partnership with the Hawai'i Island Food Alliance (HIFA) and the County of Hawai'i, as a means to increase the growth and resiliency of the island's agri-food system by mapping and understanding the system, identifying key needs and opportunities to improve the system, and facilitating collective action to make those improvements a reality.

The study was conducted by a set of multi-stakeholder teams totaling 77 individuals representing different organizations working on agriculture and food efforts including farmers, ranchers, processors, distributors, business owners, educators, government, non-profit leaders, and more. They participated through the study's Facilitation Team and Planning & Analysis Team, and three Planning & Analysis teams focused on Systems Mapping, Agricultural Value Chains, and Food Resiliency.

Utilizing a participatory process for analysis facilitated by the [Hāmākua Institute](#), the study took a system-wide approach to understand the needs and opportunities within the agri-food system from the perspectives of different stakeholder groups. Through surveys, interviews, and focus group discussions, the study gathered input from these different stakeholder groups, added it to other existing system data, and the multi-stakeholder Planning & Analysis team jointly analyzed all of this information to produce a set of recommended actions for collectively improving the system.

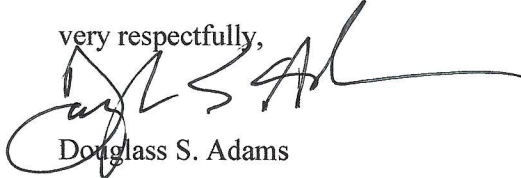
The County of Hawai'i leveraged these two studies with eight Coalition Members to develop our [EDA Build Back Better Regional Challenge Phase 1 application](#). The County of Hawai'i was one of sixty national applicants to receive a Phase 1 award with \$500,000 to further the development of the Coalition Members' projects. One such project is the Hawai'i Island Agriculture Innovation Park and Food System Campus in Hilo. Utilizing the EDA Phase 1 funding, a deeper stakeholder and feasibility analysis was conducted along with a Preliminary

Engineering Report and Architectural Renderings of the facility. This project has had wide participation and support from Farmers, Value-Added Producers, Grocers, Wholesalers, Food Hubs, the University of Hawai'i, and Community stakeholders. We urge the committee to recognize the collaborative effort that has been put into the development of this facility and to include this project in HB1426, as well as support the development of a site in Kailua-Kona.

Additionally, we would like to note our support of DBEDT's proposed Tropical Agriculture Technology facility at The Foreign Trade Zone in Hilo identified in HB1426. This project will add great value to the industry and the County fully supports the award of State funding for the project under DBEDT's CIP request in HB531.

Thank you for the opportunity to support this important Bill and please contact me or my Food Systems Specialist, Sarah Freeman (808-961-8582), with any questions or concerns.

very respectfully,



Douglass S. Adams