

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
Phone: (808) 973-9600 FAX: (808) 973-9613

TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

MONDAY, FEBRUARY 8, 2021
1:00 P.M.
VIA VIDEO CONFERENCE

SENATE BILL NO. 495
RELATING TO AGRICULTURE

Chairperson Gabbard and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 495 that amends the Consumer Cooperative Associations Law (Chapter 421C) and the Agricultural Cooperative Associations Law (Chapter 421). The Department of Agriculture offers comments.

It appears that the purpose of some of the amendments are to democratize the cooperative associations, and in the case of consumer cooperative associations, make it possible to have themselves convert to a cooperative association (Page 2, lines 7-9). We are unable to determine if the proposed amendments benefit existing agricultural cooperatives. We respectfully request the Committee to consider the testimonies offered by existing agricultural cooperatives.

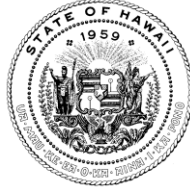
We notice that the definition of "person" as it applies to agricultural cooperative associations is proposed to include "...individuals, partnerships, corporations, limited liability companies, and associations[.], and sacred species and natural ecosystems. A sacred species or natural ecosystem may participate in the cooperative, through a guardian speaking on behalf, and in the best interest, of the sacred species or natural



Page 2

ecosystem." (Page 3, line 18 to page 4, line 2) There is no explanation as to what purpose this amendment serves.

Thank you for the opportunity to comment on this measure



DAVID Y. IGE
GOVERNOR

JOSH GREEN
LT. GOVERNOR

**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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HONOLULU, HAWAII 96809
Phone Number: 586-2850
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CATHERINE P. AWAKUNI COLÓN
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Agriculture and Environment
Monday, February 8, 2021
1:00 p.m.
Via Videoconference**

**On the following measure:
S.B. 495, RELATING TO AGRICULTURE**

WRITTEN TESTIMONY ONLY

Chair Gabbard and Members of the Committee:

My name is Ty Nohara, and I am the Commissioner of Securities and head of the Department of Commerce and Consumer Affairs' (DCCA or Department) Business Registration Division. The Department offers comments on this bill.

The purpose of this bill is to update the laws on agricultural cooperative associations and consumer cooperative associations.

The Department requests amending page 5, line 16 of the bill to read: "HRS §421C-36 [~~Exemption of voting stock~~] Cooperative interests issued to members exempt from registration", because section 421C-36 currently pertains to only the voting interests issued by a cooperative to a member that are exempt from registration under Hawaii's securities laws, and this bill amends that section to also include the non-voting interests issued by a cooperative to a member that are exempt from registration under Hawaii's securities laws, specifically, HRS section 485A-201(8).

Thank you for the opportunity to testify on this bill.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Agriculture and Environment
Monday, February 8, 2021 at 1:00 p.m.

By
Nicholas Comerford, Dean
College of Tropical Agriculture and Human Resources
University of Hawai'i at Mānoa

SB 495 – RELATING TO AGRICULTURE

Chair Gabbard, Vice Chair Nishihara, and members of the Senate Committee on Agriculture and Environment:

Thank you for the opportunity to provide testimony in support of the concept of SB 495. It is our belief that agricultural cooperatives will be vital to the future of Hawai'i agriculture.

In the pre-COVID environment 87% of all farms in Hawai'i produced just 10% of agricultural sales. Sixty-two percent of all farms produced just 2.1% of all sales; and 66% of all farms were less than 10 acres. Agriculture is a business of scale. Cooperatives are one tool that can be used to produce scale for the small farm operation.

Farmers, the community and consumers benefit from agricultural cooperatives (U.S. Department of Agriculture, Rural Business – Cooperative Service, Cooperative Information Report 1, Section 3).

Benefits to farmers:

- Providing an assured source of supplies and markets for their products
- Enabling farmers to own and have democratic control of a business enterprise
- Increasing farm income by:
 - Raising price levels for products via marketing, or lowering the cost of supplies
 - Reducing handling costs due to larger volumes being processed
 - Distributing any net savings made
 - Upgrading the quality of supplies
 - Developing new markets

Benefits to the community:

- Added community income
- Stronger rural communities

Benefits to consumers:

- Increased quality of the product
- New products
- Lower costs
- Improved general welfare

While there are also limitations to cooperatives, the benefits outweigh them when the cooperative is under good management. A basic issue in cooperatives is whether each member is treated appropriately. This can be addressed by having management that is not one of the growers, and having a periodic open audit of the cooperative.

Experience in Hawai'i has shown that being a member of a cooperative has the potential to increase the profit of an average farmer by up to 2 to 2.5 times.

We leave the legal details of this bill to those that are versed in that area, however we strongly support the concept of agricultural cooperatives and SB 495.

Senator Mike Gabbard, Chair
Senator Clarence K. Nishihara, Vice Chair
Committee on Agriculture and Environment

Re: Testimony on SB 495 in support of including sacred species and natural ecosystems in the definition of “person”

Mon., Feb. 8, 2021 at 1:00 p.m., via videoconference

Earth Law Center is a non-profit organization that champions Earth-centered laws and community-led movements that respect and protect all life on the planet.

Earth Law Center provides this testimony in strong support of including “sacred species and natural ecosystems” in the definition of “person”. This language allows a cooperative to recognize the voice of a natural ecosystem, such as the land where food is grown or the water source that makes the cooperative’s activities possible, in its governance structure. It is aligned with the growing realization that recognizing the rights of corporations, but ignoring the rights of nature, has harmful social, environmental, and economic consequences.

Over 12 countries, hundreds of municipalities across the U.S., and several tribal nations have recognized legal personhood for nature.¹ Here are just a few specific examples of the most recent developments:

- In December 2018, the White Earth band of the Chippewa Nation adopted the “Rights of the Manoomin” law securing legal rights of manoomin, or wild rice, a traditional staple crop of the Anishinaabe people: “Manoomin, or wild rice, within all the Chippewa ceded territories, possesses inherent rights to exist, flourish, regenerate, and evolve, as well as inherent rights to restoration, recovery, and preservation.”
- In 2019, a bill to recognize Rights of Nature was introduced into the Congress of the Philippines.
- In 2019, the Congress of the State of Colima, Mexico approved an amendment to the state constitution recognizing the Rights of Nature.
- In 2019, Uganda enacted the National Environmental Act of 2019 in which nature is recognized as having “the right to exist, persist, maintain and regenerate its vital cycles, structure, functions and its processes in evolution.”
- In 2019, Toledo, Ohio, residents adopted the *Lake Erie Bill of Rights*
- In 2019, the Yurok tribe in California passed a resolution recognizing the legal rights of the Klamath River
- In 2019, the Rights of Nature and Future Generations Bill was introduced into the Parliament of Western Australian. It recognizes rights for “Nature, including all

¹ See [National Geographic “A Voice for Nature”](#); [The Guardian, “What if Nature, like corporations, had the rights of a person”](#).

ecosystems, ecological communities and native species,” as well as “present and future generations.”

- In 2019, a state constitutional amendment was introduced into the House of Representatives of the Commonwealth of Pennsylvania to recognize the people’s ability to enact local laws to protect health, safety and welfare by establishing the rights of people, their communities, and Nature
- In 2020, the Nez Perce Tribe General Council passed a resolution recognizing the Snake River as a living entity that has rights, including the right to exist, flourish, evolve, flow, regenerate — and a right to its restoration.”

Thank you for your leadership in bringing Hawai‘i to the forefront of this movement. We appreciate the opportunity to submit testimony in support.

Sincerely,

Addison Luck
Earth Law Manager, Earth Law Center
Kilauea, Kauai

SB-495

Submitted on: 2/6/2021 11:02:08 AM

Testimony for AEN on 2/8/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Regina Gregory	Testifying for EcoTipping Points Project	Support	No

Comments:

This is likely to result in cost savings and more local food production.



February 5, 2021

RE: SB 495 – Relating to Agriculture – In Support

Senate Committee on Agriculture and Environment (Hearing February 8, 2021, 1 p.m.)
To: Chair Mike Gabbard, Vice Chair Clarence Nishihara, and members of the committee

The Kohala Center (TKC) strongly supports SB 495/HB 1302, which updates existing state laws on agricultural and consumer cooperative associations. Cooperatives help develop resilient local economies by bringing people together to achieve shared goals. In Hawai'i there are more than 28 co-ops, including 26 working specifically in agriculture, energy, and water, with more forming every year.

TKC's Rural and Cooperative Business Development Services (RCBDS) program was established in 2011 at the request of local residents and continental U.S. cooperative development specialists who were seeking a locally based, locally staffed organization to more effectively work in the social, cultural, and political landscapes of Hawai'i. TKC's RCBDS program is the only cooperative development center in Hawai'i. RCBDS is dedicated to developing Hawai'i's rural economies through co-op and agricultural business development, thereby enhancing the quality of life for rural residents.

TKC's RCBDS program is unique in that The Center's team consists of six full-time staff who are experts in co-op development, business capitalization, and both Western and native Hawaiian agricultural production methods. Consequently, the team is able to provide clients with a diverse suite of services to increase their businesses' long-term *economic, social, cultural, and ecological viability*. In its first ten years of operation, RCBDS has assisted 32 co-ops and 19 other mutually owned businesses in establishing their incorporation; worked to support the growth of an additional 14 co-ops formed prior to 2011; provided training to more than 1,600 rural business owners and co-op members; and helped rural co-ops and businesses obtain more than \$30 million in grant and loan funding. RCBDS has launched two microloan initiatives for rural businesses, co-op members, and food producers that have distributed \$757,500 in loans since 2015 to 68 small rural businesses operating across Hawai'i.

Hawai'i's Agricultural Cooperative Associations Act is based on the Uniform Agricultural Cooperative Associations Act and was enacted in 1949; Hawai'i's Consumer Cooperative Associations Act was enacted in 1982. Currently, individuals interested in doing business as a co-op in Hawai'i form under either the Agriculture or Consumer Cooperative Statutes. In conjunction with continental specialists in cooperative development and co-op law, RCBDS staff members have been conducting research and outreach for the past two years on the opportunities and limitations of Hawai'i's existing statutes to develop the proposed policy modifications.

Two overall limitations of the statutes were found, including their restrictions on membership and omissions that fail to take into consideration the day-to-day work of Hawai'i's cooperatives. First,

existing statutes limit co-op membership to specific member classes—farmers and consumers, respectively—which are sufficient for some co-ops but not all. Many co-ops today are forming with more diverse memberships that allow for greater benefit to the co-op and its members, including Māla Kalu‘ulu Co-op, Hawai‘i ‘Ulu Co-op, United Ka‘ū Farmers Co-op, and many more. As an example, while the United Ka‘ū Farmers Cooperative (UKFC) formed under the agricultural statute, their membership consists of growers, processors, distributors, and others that contribute to the vertical chain of Ka‘ū coffee and the co-op’s success; therefore, UKFC could benefit from incorporation under a General Statute (proposed SB 498/ HB 1303).

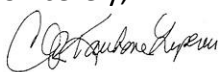
Second, to address necessary updates to the existing statutes, TKC’s cooperative development leadership and research consultants have identified the following updates to Hawai‘i’s Agricultural Cooperative Associations Act. An asterisk indicates the update will also be applied to Hawai‘i’s Consumer Cooperative Associations Act:

1. Allow a cooperative to be formed for the purpose of leasing land to its members (HRS 421-2)
2. Provide for a greater voice for co-op members in important policy matters by allowing members to adopt a referendum provision (421-17)*
3. Allow a cooperative to accept labor and services from volunteers (421-26)
4. Allow a cooperative to operate as an agent to sell the products of its members or nonmember patrons on a nonprofit basis.*
5. Expand the definition of a “person” (HRS 421-1) to include individuals, partnerships, corporations, limited liability companies, and associations, sacred species and natural ecosystems.
6. Allow an agricultural cooperative to utilize a newly formed General Cooperative Statute (proposed SB 498/HB 1303) (HRS 421-28)*

Updates to these acts will allow for expanded lawful practices within cooperatives that provide additional benefit for cooperative member businesses and align with proposed SB 498/HB 1303 that creates a General Cooperative Statute for cooperatives forming in the state of Hawai‘i.

The Kohala Center is working with a handful of individuals who have agreed to have their testimony submitted jointly with TKC’s testimony, including Janel Yamamoto, director at GoFarm Hawai‘i; Jack Spruance, general manager at Moloka‘i Livestock Cooperative; and Dana Shapiro, general manager at Hawai‘i ‘Ulu Cooperative. If you have questions regarding TKC’s support of this legislation, please contact The Kohala Center at (808) 887-6411 or by email at ckauhanelupenui@kohalacenter.org.

Sincerely,



President and Chief Executive Officer

RE: SB 495 – Relating to Agriculture – In Support

Senate Committee on Agriculture and Environment

To: Chair Mike Gabbard, Vice Chair Clarence Nishihara, and members of the committee

Thank you for this opportunity to provide my personal testimony in strong support of SB 495, which updates existing state laws on agricultural cooperative associations and consumer cooperative associations.

The organization I work for, GoFarm Hawai‘i, works with groups who want to collaborate to form agricultural cooperatives. The cooperative business model provides a way for individual businesses to work together to address shared business goals like collective marketing, shared labor, shared processing, or transportation.

Enacted in 1949, Hawai‘i’s Agricultural Cooperative Associations Act is based on the Uniform Agricultural Cooperative Associations Act. Hawai‘i’s Consumer Cooperative Associations Act was enacted in 1982.

The proposed updates are informed by recent research conducted by The Kohala Center, the only cooperative development center in the State of Hawai‘i. SB 495 includes the following updates to Hawai‘i’s Agricultural Cooperative Associations Act; an asterisk indicates the update will also be applied to Hawai‘i’s Consumer Cooperative Associations Act:

- 1) Expand the definition of a “person” (HRS 421-1) to include individuals, partnerships, corporations, limited liability companies, and associations, *sacred species and natural ecosystems*.
- 2) Allow a cooperative to be formed for the purpose of leasing land to its members (HRS 421-2)
- 3) Provide for a greater voice for co-op members in important policy matters by allowing members to adopt a referendum provision (421-17)*
- 4) Allow a cooperative to accept labor and services from volunteers (421-26)
- 5) Allow a cooperative to operate as an agent to sell the products of its members or nonmember patrons on a nonprofit basis.*
- 6) Allow a an agricultural cooperative to utilize a newly formed General Cooperative Statute (proposed SB 498) (HRS 421-28)*

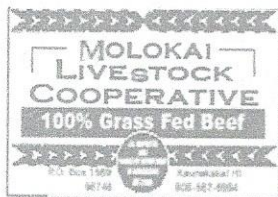
Updates to these acts will allow for expanded lawful practices within cooperatives that provide additional benefit for cooperative member businesses and align with proposed Senate Bill 498 that creates a General Cooperative Statute for cooperatives forming in the State of Hawai‘i.

For these reasons, I respectfully request your support of SB 495. Thank you for the opportunity to submit testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Janel Yamamoto". The signature is fluid and cursive, with the first name "Janel" written in a larger, more prominent script than the last name "Yamamoto".

Janel Yamamoto
Director – GoFarm Hawai‘i
Personal Testimony



February 4, 2021

RE: SB 495 – Relating to Agriculture – In Support

Senate Committee on Agriculture and Environment
Hearing Schedule: February 8, 1 p.m.

To: Chair Mike Gabbard, Vice Chair Clarence Nishihara, and members of the committee

On behalf of the Moloka'i Livestock Cooperative I am writing in strong support of SB 495 / HB 1302 Relating to Agriculture to amend existing statutes for agricultural cooperative associations.

Moloka'i Livestock Cooperative is a slaughterhouse and processing facility operating on the island of Moloka'i in Maui County. We purchase locally raised animals produced by island ranchers, and provide slaughter and processing services for both resale and home use. Our slaughter facilities are inspected by the USDA's Food Safety and Inspection Service. We have received cooperative development and leadership support from The Kohala Center over the past several years as our co-op strives to strengthen the agriculture and business skills of our members, the cooperative, and the community. Most recently, with the Center's help we secured pandemic-related relief funding and public and private sector loans and grants that have allowed us to stay afloat during the pandemic and expand our customer offerings.

The proposed changes to the legislation being proposed in SB 495 would allow co-ops to resale member products on a non-profit basis and allow our businesses to accept services and labor from volunteers. Additionally, the adoption of SB 498 would allow for the formation of co-ops under a General Co-op Statute which would allow co-ops to expand their membership to non-producers, thereby strengthening the economic viability and working capacity of co-op businesses. Having a broader membership base would also facilitate more diverse member financing, which would lessen the fund-raising challenges experienced by Hawai'i's cooperatives which have a hard time acquiring financing from conventional lending institutions.

Please carefully consider making the proposed changes to the existing statutes to allow Hawai'i's existing and future cooperatives to become stronger economic entities in our state's rural areas. If you have questions about MLC's support of the proposed co-op statute amendments please contact me at (808) 567-6994.

Sincerely,

Jack Spruance, GM
Moloka'i Livestock Cooperative



Farmer owned, 'āina grown

February 5, 2021

RE: SB 495 – Relating to Agriculture – In Support

Senate Committee on Agriculture and Environment

To: Chair Mike Gabbard, Vice Chair Clarence Nishihara, and members of the committee

The Hawai'i 'Ulu Co-op (HUC) strongly supports SB 495/HB 1302, which updates existing state laws on agricultural and consumer cooperative associations. Cooperatives help develop resilient local economies by bringing people together to achieve shared goals.

HUC was established in 2016 with 9 founding small family farms to revitalize breadfruit as a viable crop and dietary staple. Since then we have grown to 100 farmer-members on Hawai'i Island and Maui. The co-op model has enabled and fueled our growth and success to date, enabling our members to achieve far more together than they could on their own. Over the past four years in operation, we have generated \$1.5 Million in sales revenues, created 20 well-paid jobs, and aggregated and distributed 555,000 pounds of local staple crops to communities around the state.

We recognize that challenges related to Hawai'i's current co-op statutes limit their relevance and efficacy for many organizations. In fact, it limits our own expansion opportunities. With over 10 years of experience in co-op development in Hawai'i, The Kohala Center has realized several limitations of existing co-op law, including omissions to existing statutes to account for the operational needs of co-ops, including the use of volunteers, selling member's products on a non-profit basis, and leasing land, to name a few. Additionally, the lack of a general statute under which co-ops can form limits membership and hampers co-op financing.

HUC is working with The Kohala Center and other individuals and co-ops who have agreed to have their testimony submitted jointly with the Center's testimony. If you have questions regarding HUC's support of this legislation, please contact me at (808) 238-8869 or by email at info@eatbreadfruit.com.

Sincerely,

Dana Shapiro
General Manger



Hawai'i 'Ulu Producers Cooperative

79-1017 E Honalo Rd, Kailua-Kona, Hawai'i 96740 | 808-238-8869 | eatbreadfruit.com | info@eatbreadfruit.com



Email: communications@ulupono.com

SENATE COMMITTEE ON AGRICULTURE & ENVIRONMENT
Monday, February 8, 2021 — 1:00 p.m.

Ulupono Initiative supports SB 495, 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 495, which updates the laws on agricultural cooperative associations and consumer cooperative associations including operations as resale agents and conversions.

Ulupono supports agricultural cooperatives (co-ops) and their ability to serve small producers throughout the state. Establishing co-ops across the state, such as the Hawai'i 'Ulu Producers Co-op, Moloka'i Livestock Co-op, and the Kamuela Vacuum Cooling Co-op, gives local farmers and ranchers an opportunity to join together in an association to attain economies of scale and compete in the marketplace as a group. According to the 2017 USDA NASS Census of Agriculture, of Hawai'i's 7,328 farms statewide, 66%, or 4,868 farms, are between 1–9 acres and 78%, or 5,701 farms, produce less than \$25,000 in sales. Hawai'i's agricultural producer majority is small farmers and ranchers. Co-ops increase the viability of these food producers. As Hawai'i's local food issues become increasingly complex and challenging, we appreciate this committee's efforts to look at policies that support local food production.

Thank you for this opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i



February 5, 2021

Senator Mike Gabbard, Chair
Senator Clarence K. Nishihara, Vice Chair
Senate Committee on Agriculture and Environment

Support of SB 495 Relating to Agriculture (Updates the laws on agricultural cooperative associations and consumer cooperative associations including operations as resale agents and conversions.)

Monday, February 8, 2021, at 1:00 p.m., via Videoconference

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers, and utility companies. LURF's mission is to advocate for reasonable, rational, and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF appreciates the opportunity to express its **support of SB 495** and of the various agricultural stakeholder groups who defend the goals of viable agricultural operations and the conservation and protection of agriculture, including important agricultural lands in Hawaii. The bill demonstrates the need for, and benefit of collaboration amongst different sectors of the community - business, government, and agricultural stakeholders - and the importance of them working together cooperatively to improve the economic viability of the State's agricultural industry.

SB 495. The purpose of this measure is to update the laws on agricultural cooperative associations and consumer cooperative associations.

LURF's Position. Agricultural cooperatives are a valued mechanism for assisting farmers challenged by high operating costs such as transportation, storage, machinery, labor, distribution, and marketing, as they provide a vehicle through which smaller agricultural businesses may collaborate and share costs to attain mutual business goals, economic benefits, and greater success. Moreover, since the average age of Hawaii farmers is reportedly over 60 years, the future of farming in Hawaii is dependent on attracting younger people to the agricultural industry, and cooperatives provide an important opportunity for retiring and new farmers to come together, share information, and transition knowledge and experience from one generation to the next.

The updates proposed by this bill are based on research conducted by The Kohala Center, which LURF understands is the only cooperative development center in the State, and provide for expanded actions and allowances by and within cooperatives which would benefit cooperative members and their businesses.

LURF members include farmers, ranchers, and landowners who own, maintain, and engage in agricultural enterprises, and who consider efforts such as the updates proposed by this bill significant to the conduct of their operations and to help sustain their businesses, as well as to increase local food self-sufficiency and significantly heighten local food production in this State.

The purpose of this bill is consistent with the underlying intent and objectives of the IAL laws (Hawaii Revised Statutes, Sections 205-41 to 52), which were enacted to fulfill the mandate in Article XI, Section 3, of the Hawaii State Constitution, “to conserve and protect agricultural lands, promote diversified agriculture, increase agricultural self-sufficiency and assure the availability of agriculturally suitable lands.”

As this Committee is aware, the unsustainable costs which have already been cast upon agricultural stakeholders over the past years by various safety and security standards, programs and regulations, as well as the enactment of onerous regulations relating to water systems, infrastructure, and growing and processing machinery and facilities, are now greatly exacerbated by the COVID-19 pandemic, proving to be overwhelming, if not devastating to the agricultural industry as well as the State’s long-term objective of sustainable agriculture.

By recognizing the significance of, and need to assist the local agriculture industry, and implement measures which help to support the growth and maintenance of agriculture in the State, this bill significantly helps to promote economically viable agriculture and food self-sufficiency in Hawaii.

For the reasons stated above, LURF is in **support of SB 495**, and respectfully urges your favorable consideration of this bill.

Thank you for the opportunity to present testimony regarding this matter.



February 7, 2021

RE: SB 495 – Relating to Agriculture – In Support

Senate Committee on Agriculture and Environment

To: Chair Mike Gabbard, Vice Chair Clarence Nishihara, and members of the committee

I strongly support SB 495/HB 1302, this work updates existing state laws on agricultural and consumer cooperative associations. Adopting this would support the development of a resilient local cooperative efforts to better serve the need of the community.

I am the Cooperative Development Specialist at The Kohala Center's Rural and Cooperative Business Development Services (TKC-RCBDS). I have been working with Hawaii Cooperatives for over 10 years now. I see the challenges they have and I see the difference they make in the community. Over the past two years, at the suggestion of our local USDA to improve the cooperative statutes here in Hawaii we began interviewing members of cooperatives to find out the challenges they see and gathered input from Hawaii's cooperatives. We joined a national volunteer effort lead by the USDA to look at existing cooperative statutes throughout the states and identify best practices and trends in a general cooperative statute that would give greater flexibility to the cooperative business model at the same time as strengthening the definition and guidelines.

Hawaii's Agricultural Cooperative Associations Act is based on the Uniform Agricultural Cooperative Associations Act and was enacted in 1949, and Hawaii's Consumer Cooperative Associations Act was enacted in 1982. Currently individuals interested in doing business as a co-op in Hawaii form under either the Agriculture or Consumer Cooperative Statutes. We look at both statutes and looked at where there were limitations.

Two overall limitations of the statutes were found, including their restrictions on membership and omissions that fail to take into consideration the day-to-day work of Hawaii's existing cooperatives. First, existing statutes limit co-op membership to specific member classes, farmers and consumers, respectively, which are sufficient for some co-ops but not all. Many co-ops today are forming with more diverse membership that allow for greater benefit to the co-op and its members, including for example Māla Kalu'ulu Co-op, Hawaii 'Ulu Co-op, United Ka'ū Farmers Co-op, and many more. For example, while the United Ka'ū Farmers Cooperative is formed under the agricultural statute, their membership consists of growers, processors, distributors, and others that contribute to the vertical chain of Ka'ū coffee and the co-op's success; therefore, UKFC could benefit from incorporation under a General Statute (proposed SB 498/ HB 1303).

Second, to address necessary updates to the existing statutes, TKC's cooperative development leadership and research consultants have identified the following updates to Hawaii's Agricultural

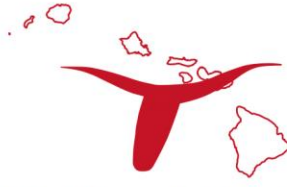
Cooperative Associations Act; an asterisk indicates the update will also be applied to Hawai'i's Consumer Cooperative Associations Act:

1. Allow a cooperative to be formed for the purpose of leasing land to its members (HRS 421-2)
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5. Expand the definition of a "person" (HRS 421-1) to include individuals, partnerships, corporations, limited liability companies, and associations, sacred species and natural ecosystems.
6. Allow an agricultural cooperative to utilize a newly formed General Cooperative Statute (proposed SB 498/HB 1303) (HRS 421-28)

Updates to these acts will allow for expanded lawful practices within cooperatives that provide additional benefit for cooperative member businesses and align with proposed SB 498/HB 1303 that creates a General Cooperative Statute for cooperatives forming in the State of Hawai'i.

By enacting this bill, you improve our existing laws and it will allow diverse enterprises to come together to gain the benefits of from a greater cooperative effort. Please support.

Teresa Young
Teresa Young
Rural Cooperative Business Development Specialist
The Kohala Center
tyoung@kohalacneter.org
808-313-0430



Hawaii Cattlemen's Council, Inc.

COMMITTEE ON AGRICULTURE AND ENVIRONMENT

Senator Mike Gabbard, Chair

Senator Clarence K. Nishihara, Vice Chair

SB495

Updates the laws on agricultural cooperative associations and consumer cooperative associations including operations as resale agents and conversions.

Monday, February 8, 2021 1:00 pm
Via Video Conference

Chair Gabbard, Vice Chair Nishihara, and Members of the Committee on Agriculture and Environment,

The Hawaii Cattlemen's Council **supports SB495** to update laws on cooperative associations and consumer cooperative associations. Cooperatives bring people together to help develop resilient economies, a necessary feature for agriculture to succeed. The Molokai Livestock Cooperative, Hawaii Island Meat Cooperative, and Hawaii Cattle Producers Cooperative are examples of successful co-ops in the beef industry.

Agricultural and consumer cooperatives are playing an increasingly vital role in Hawaii's economy. Cooperatives are democratically run and each member has a vote, so that the co-op is representing the member needs. The proposed amendments make needed changes to, and improve upon the existing statutes, while allowing existing cooperatives to elect to be governed under the proposed General Cooperative Statute.

Nicole Galase
Hawaii Cattlemen's Council
Managing Director





P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

February 8, 2021

HEARING BEFORE THE
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

TESTIMONY ON SB 495
RELATING TO AGRICULTURE

Via Videoconference
1:00 PM

Aloha Chair Gabbard, Vice Chair Nishihara, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawaii'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 495, which updates the laws on agricultural cooperative associations and consumer cooperative associations including operations as resale agents and conversions.

Agricultural cooperatives should be encouraged to strengthen the marketing and purchasing position of Hawaii's farmers. Traditionally, agricultural cooperatives are organized to support farmers by reducing the cost of production by increasing their scales of economy. Co-ops can serve various functions, including providing loans to farmers, supplying information regarding agricultural production, bargaining on behalf of its members, or marketing agricultural products for its members

We believe the state should support the expanded lawful practices within cooperatives that provide additional benefit for agricultural cooperative businesses.

Thank you for the opportunity to testify on this measure.

February 5, 2021

Senator Mike Gabbard, Chair
Senator Clarence K. Nishihara, Vice Chair
Committee on Agriculture and Environment

Re: **Testimony in support of SB 495**
Mon., Feb. 8, 2021 at 1:00 p.m., via videoconference


As an attorney who works with cooperatives in Hawai'i, I strongly support SB 495, which updates existing state laws on agricultural cooperative associations and consumer cooperative associations. Cooperatives help develop resilient economies by bringing people together to achieve shared goals. The Hawai'i 'Ulu Co-op, the Moloka'i Livestock Co-op, and the Kamuela Vacuum Cooling Co-op are just some examples of successful Hawaii co-ops.

Agricultural and consumer cooperatives are playing an increasingly vital role in Hawai'i's economy. The proposed amendments make needed changes to, and improve upon the existing statutes, while allowing existing cooperatives to elect to be governed under the proposed General Cooperative Statute (SB498/HB1303). The securities provision, for instance, lends clarity to the application of the securities registration exemption.

Of note, too, is the addition of "sacred species and natural ecosystems" in the definition of "person". This language allows a cooperative to recognize the voice of a natural ecosystem, such as the land where food is grown or the water source that makes the cooperative's activities possible, in its governance structure. Providing that a sacred species or natural ecosystem may be a member with a guardian speaking on its behalf is an important step toward placing Hawai'i at the forefront of a global movement aligned with Hawai'i's cultural values. Over 12 countries, hundreds of municipalities across the U.S., and several tribal nations have recognized legal personhood for nature. See National Geographic "A Voice for Nature"; The Guardian, "What if Nature, like corporations, had the rights of a person".

Thank you for the opportunity to submit testimony.

Sincerely,



Elizabeth Dunne, Esq.

(808) 554-1409

SB-495

Submitted on: 2/5/2021 8:04:08 PM

Testimony for AEN on 2/8/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dana Keawe	Individual	Support	No

Comments:

Please support. SB495

SB-495

Submitted on: 2/5/2021 8:50:00 PM

Testimony for AEN on 2/8/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Liam Kernell	Individual	Support	No

Comments:

I strongly support SB495/HB1302, which updates existing state laws on agricultural cooperative associations and consumer cooperative associations.

Enacted in 1949, Hawai'i's Agricultural Cooperative Associations Act is based on the Uniform Agricultural Cooperative Associations Act. Hawai'i's Consumer Cooperative Associations Act was enacted in 1982.

The proposed updates are informed by recent research conducted by The Kohala Center, the only cooperative development center in Hawai'i. SB495 includes the following updates to Hawai'i's Agricultural Cooperative Associations Act; an asterisk indicates the update will also be applied to Hawai'i's Consumer Cooperative Associations Act:

1. Expand the definition of a "person" (HRS 421-1) to include individuals, partnerships, corporations, limited liability companies, and associations, sacred species, and natural ecosystems.
2. Allow a cooperative to be formed for the purpose of leasing land to its members (HRS 421-2)
3. Provide for a greater voice for co-op members in important policy matters by allowing members to adopt a referendum provision (421-17)*
4. Allow a cooperative to accept labor and services from volunteers (421-26)
5. Allow a cooperative to operate as an agent to sell the products of its members or nonmember patrons on a nonprofit basis.*
6. Allow an agricultural cooperative to utilize a newly formed General Cooperative Statute (proposed SB2738) (HRS 421-28)*

Updates to these acts will allow for expanded lawful practices within cooperatives that provide additional benefit for cooperative member businesses and align with proposed SB498/HB1303 that creates a General Cooperative Statute for cooperatives forming in the State of Hawai'i.

SB-495

Submitted on: 2/5/2021 11:44:22 PM

Testimony for AEN on 2/8/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Thomas Brandt	Individual	Support	No

Comments:

Support

SB-495

Submitted on: 2/6/2021 5:47:47 AM

Testimony for AEN on 2/8/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Luana Jones	Individual	Support	No

Comments:

Restore Aloha 'Aina

Support Aloha 'Aina

Perpetuate Aloha 'Aina

Ma hÄ• lo!

SB-495

Submitted on: 2/6/2021 1:34:26 PM

Testimony for AEN on 2/8/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael deYcaza	Individual	Support	No

Comments:

Worker owned cooperatives are more resilient than regular businesses during times of uncertainty.

SB-495

Submitted on: 2/6/2021 4:21:03 PM

Testimony for AEN on 2/8/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Anna Mackey	Individual	Support	No

Comments:

I strongly support SB495/HB1302, which updates existing state laws on agricultural cooperative associations and consumer cooperative associations.

Enacted in 1949, Hawai'i's Agricultural Cooperative Associations Act is based on the Uniform Agricultural Cooperative Associations Act. Hawai'i's Consumer Cooperative Associations Act was enacted in 1982.

The proposed updates are informed by recent research conducted by The Kohala Center, the only cooperative development center in Hawai'i. SB495 includes the following updates to Hawai'i's Agricultural Cooperative Associations Act; an asterisk indicates the update will also be applied to Hawai'i's Consumer Cooperative Associations Act:

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Updates to these acts will allow for expanded lawful practices within cooperatives that provide additional benefit for cooperative member businesses and align with proposed SB498/HB1303 that creates a General Cooperative Statute for cooperatives forming in the State of Hawai'i.

SB-495

Submitted on: 2/6/2021 5:59:54 PM

Testimony for AEN on 2/8/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Sherry Pollack	Individual	Support	No

Comments:

Please pass this important bill!

SB-495

Submitted on: 2/7/2021 12:13:10 PM

Testimony for AEN on 2/8/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dr. Kioni Dudley	Individual	Support	No

Comments:

I strongly support this bill. Because of worldwide population explosion and worldwide depletion of aquifers, the UN tells us we will have hundreds of millions starving by 2050, with mass migrations and great food wars. There will be no food to import. We now import 90% of our food. We need a farming and ranching revolution. Co-ops are such an essential tool for growing the way we need food production to grow.

SB-495

Submitted on: 2/8/2021 9:38:50 AM

Testimony for AEN on 2/8/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Stephanie Mock	Individual	Support	No

Comments:

I support SB495. Agricultural cooperatives allow us to work together to provide more local food for Hawaii's communities. Additionally, agricultural cooperatives involve more of our community to learn about the hard work and dedication it takes to bring local food to local plates. With more cooperation, we raise community education & understanding on the importance of eating locally for social, environmental, and economic reasons that help to benefit the Islands.

Please support SB495.

SB-495

Submitted on: 2/8/2021 10:59:29 AM

Testimony for AEN on 2/8/2021 1:00:00 PM



Submitted By	Organization	Testifier Position	Present at Hearing
Claire Muskopf	Individual	Support	No

Comments:

I strongly support SB495/HB1302, which updates existing state laws on agricultural cooperative associations and consumer cooperative associations.

As the world we live in is constantly changing we need more opportunities to collaborate for the well being of our communities.

Enacted in 1949, Hawai'i's Agricultural Cooperative Associations Act is based on the Uniform Agricultural Cooperative Associations Act. Hawai'i's Consumer Cooperative Associations Act was enacted in 1982.

The proposed updates are informed by recent research conducted by The Kohala Center, the only cooperative development center in Hawai'i. SB495 includes the following updates to Hawai'i's Agricultural Cooperative Associations Act; an asterisk indicates the update will also be applied to Hawai'i's Consumer Cooperative Associations Act:

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