TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 1263, H.D. 2, S.D. 1

March 25, 2013

RELATING TO IRRIGATION.

House Bill No. 1263, H.D. 2, S.D.1 authorizes the director of finance to issue general obligation bonds to finance improvements to various irrigation systems throughout the State.

The Department has technical comments on this bill. Federal tax law requires, among other things, that tax-exempt general obligation bond proceeds be used to finance projects that serve public purposes. As it appears that private entities may derive the benefit from this legislation, tax-exempt general obligation bond proceeds cannot be used for this purpose. The State would need to issue taxable general obligation bonds at a higher cost in order to allow the department of agriculture to provide financing assistance to private entities. In addition, as funding for these projects were not in the proposed Executive Budget, the annual debt service related to this proposed authorization of general obligation bonds should also be included in the Legislature's budget. For example, as the bill authorizes the director of finance to issue \$3,000,000 in general obligation bonds for the Waiahole/Galbraith Estate Irrigation System, annual debt service of approximately \$251,000 should be proposed in the Legislature's budget.

Thank you for the opportunity to provide testimony on this measure.



SENATE COMMITTEE ON WAYS AND MEANS

MARCH 25, 2013 9:10 p.m. Room 211

HB 1263 HD 2 SD1 RELATING TO IRRIGATION

Appropriates funds and authorizes the Director of Finance to issue general obligation bonds to finance improvements to various irrigation systems. Effective July 1, 2030.

Chair Ige, Vice Chair Kidani and Members of the Committee:

4 Ag Hawaii strongly supports HB 1263 HD2 SD1

Hawaii's Livestock Farmers continue to endure the effects of a prolonged and devastating drought - as one rancher put it "a drought of almost biblical proportions". Hawaii's Family Owned Farmers need your help to meet these challenges and to be able to produce local products to help Hawaii's Food Security.

Without the assurance of availability of water, there cannot be farming and ranching. This bill would provide funding to maintain and repair existing Hawaii Irrigation systems. In the long run, it will be much more expensive to not address this now, and to later have to develop new water system. Please support all of Hawaii Agriculture by supporting this funding

4 Ag Hawaii is a non-profit 501[c] [3] corporation established as a public-private partnership focused on goals that include: promoting the agricultural economic welfare of Hawai'i and its counties; conducting agricultural economic; educational & media programs, and fostering statewide interest for responsible agricultural economic development of our islands.

Thank you for the opportunity to provide testimony on this matter.



Hawaii Cattlemen's Council, Inc.

P O Box 437199 Kamuela HI 96743 Phone (808) 885-5599 • Fax (808) 887-1607 e-mail: HICattlemens@hawaii.rr.com

SENATE COMMITTEE ON WAYS AND MEANS

MARCH 25, 2013 9:10 p.m. Room 211

HB 1263 HD 2 SD1 RELATING TO IRRIGATION

Appropriates funds and authorizes the Director of Finance to issue general obligation bonds to finance improvements to various irrigation systems. Effective July 1, 2030.

Chair Ige, Vice Chair Kidani and Members of the Committee:

My name is Alan Gottlieb, and I am a rancher and the Government Affairs Chair for the Hawaii Cattlemen's Council. The Hawaii Cattlemen's Council, Inc. (HCC) is the Statewide umbrella organization comprised of the five county level Cattlemen's Associations. Our 130+ member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of approximately 25% of the State's total land mass.

The Hawaii Cattlemen's Council strongly supports HB 1263 HD2 SD1.

All agriculture needs a reliable water supply for consistent production, which is in jeopardy due to unpredictable rainfall patterns and prolonged drought conditions. Without the assurance of availability of water, there cannot be farming and ranching. This bill would provide funding to maintain and repair existing Hawaii Irrigation systems. In the long run, it will be much more expensive to not address this now, and to later have to develop new water system. Please support Hawaii Agriculture by supporting this funding.

Thank you for giving me the opportunity to testify in favor of this very important issue.

To: WAM Testimony

Cc: <u>afrancokaupo@gmail.com</u>

Subject: *Submitted testimony for HB1263 on Mar 25, 2013 09:10AM*

Date: Friday, March 22, 2013 9:10:21 PM

HB1263

Submitted on: 3/22/2013

Testimony for WAM on Mar 25, 2013 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	at Hearing
Alex Franco	Hawaii Cattlemen's Council	Support	No

Comments:

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

To: WAM Testimony

Cc: <u>cwong-wmm@hawaii.rr.com</u>

Subject: *Submitted testimony for HB1263 on Mar 25, 2013 09:10AM*

Date: Saturday, March 23, 2013 5:34:13 AM

HB1263

Submitted on: 3/23/2013

Testimony for WAM on Mar 25, 2013 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Calvin Wong	Wong's Meat Market, Ltd.	Support	No

Comments:

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2343 Rose Street • Honolulu, Hawaii 96819 Phone: (808) 848-2074 • Neighbor-Islands: (800) 482-1272 Fax: (808) 848-1921 • Email: info@hfbf.org www.hfbf.org

March 25, 2013

HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON HB 1263, HD2, SD1 RELATING TO IRRIGATION

Room 211 9:10 AM

Chair Ige, Vice Chair Kidani, and Members of the Committee:

I am Dean Okimoto, President of the Hawaii Farm Bureau Federation (HFBF). Organized since 1948, the HFBF is comprised of 1,950 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community.

HFBF strongly supports HB 1263, HD2, SD1 appropriating funds for irrigation systems across the State. This measure is one of HFBF's priority measures and part of a systematic effort to increase access to water by our farmers and ranchers.

Many of these irrigation systems are old and some have been in disuse for a period of time. The repair and maintenance of these systems is critical because our farmers and ranchers depend on these irrigation systems for their operations. Water is a basic necessity for farmers and ranchers to maintain and expand their production. The reliability of water is a key factor for our farmers and ranchers when decided to expand their operations.

Several systems have been included in this measure. The funds are directed to the Hawaii Department of Agriculture's Agricultural Resource Management Division. We will defer to them for final numbers of what is needed for the systems at this time.

We respectfully request your strong support of this measure.

Thank you for the opportunity to testify.

To: WAM Testimony
Cc: pono@ponoholo.com

Subject: *Submitted testimony for HB1263 on Mar 25, 2013 09:10AM*

Date: Saturday, March 23, 2013 11:40:56 AM

HB1263

Submitted on: 3/23/2013

Testimony for WAM on Mar 25, 2013 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Harry von Holt	Ponoholo Ranch, Ltd	Support	No

Comments:

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East Kauai Water Users' Cooperative

4334 Rice Street, Suite 202 Lihue, Kauai Hawaii 96766 Phone: 808-246-6962 Fax: 808-245-3277

TO: COMMITTEE ON WAYS AND MEANS Senator David Y. Ige, Chair

Senator Michelle N. Kidani, Vice Chair

March 22, 2013

RE: Testimony on HB1263 HD2 SD1 Relating to Irrigation March 25, 2013, 9:10 AM, Room 211

Chairperson Ige and Members of Committee:

My name is Jerry Ornellas and I support HB1263. I am the president of the East Kauai Water Users' Cooperative.

HB1263 in its original form requested \$75,000 for our system, a sum which is matched more than 2 to 1 by volunteer labor and donations.

Over the last three years, the State has invested strategically in the system, most notably with the complete renovation and upgrade of Wailua Reservoir which is just now complete.

There remain important repairs which must be tended to least they become major issues down the road. Our system provides irrigation water to a number of farmers, ranchers and householders in the Kapaa and Kalepa areas. It is critical to a dynamic homegrown agriculture industry on Kauai's East Side.

I respectfully ask that you pass this bill.

East Kauai Water Users' Cooperative

erry Ornella

Jerry Ornellas, President

Kauai County Farm Bureau

Affiliated with Hawaii Farm Bureau Federation
P.O. Box 3895 • Lihue HI 96766
808-337-9944 (phone/fax) 808-652-3217 (cell)
kcfb@hawaiiantel.net





The Voice of Kauai's Agriculture

March 22, 2013

ATTN: Chair Ige and Members of the Ways and Means Committee

RE: Testimony on HB 1263 HD2 SD1 - In SUPPORT, RM 211 9:10am

Kauai County Farm Bureau **requests your strong support of this measure.**

As stated in the bill's purpose, a reliable irrigation system is the lifeline of Hawaii's agricultural industry. It is critically important to supporting our state's agricultural sector and food self sufficiency strategy that we ensure that our crops receive a steady and dependable supply of water, and that the State irrigation systems be properly repaired and maintained.

Two of these projects take place on the island of Kauai:

The historic Menehune Ditch in Waimea Valley on Kauai is desperately in need of repair. Approximately \$45,000 is necessary for materials and labor to complete repairs and maintenance of this historically and culturally significant system on State land.

- Kauai currently supplies over 80% of the state's taro, and seven taro farmers among other users depend on water from this system to plant, grow and harvest their crops.
- Increasingly, water flow has been reduced and many times completely cut off due to corrosion and breaks on the existing PVC and metal pipeline. Only a fraction of once productive important agricultural lands is able to be irrigated. Reduced flow over time has decreased the area that can be cultivated with irrigation from approximately 12 acres to under 4 acres.
- Water shortages promote weed growth and disease weakening crops and decreasing production. Water from leaks causes erosion and damage to the neighboring property and homes.
- The farmers have tried to be good stewards and make small repairs on their own, but with the degradation over time a major repair is now necessary to maintain the area's productivity and secure this resource for the future.
- The repairs will enable taro farmers to receive more water to return fallow lands to production, perpetuating our island economy and culture here on Kauai.

The East Kauai Water Users Cooperative is in need of maintenance and operational funds (\$75,000) to continue to manage effectively this State-owned ditch system serving a total of 4,000 acres in Kapaa and Kalepa.

• East Kauai Water Users Cooperative has managed the state-owned ditch system successfully and efficiently since 2002, following the ceasing of operations of the Amfac sugar company ditch system.

- The East Kauai irrigation system is the only system in the State run by the community. It is an excellent example of State/citizen cooperation, in that the citizens benefit from the use of the system and the State benefits directly by the continued existence of attractions such as the Fern Grotto and Wailua Reservoir.
- This system comprises 30 miles of ditch and two reservoirs serving a total of 4,000 acres—2,000 acres of State and private land in Kapaa and 2,000 acres of State land in the Kalepa area.
- Large portions of the land served by the ditch and recently sold by the sugar company or leased out by the State remain fallow or, in the case of the Kalepa area, are occupied by ranchers or farmers just developing the land.
- Income from the users is today insufficient to pay the normal operations and maintenance expenses on the system. Despite the large volume of volunteer in-kind contributions (\$130,000/year) and some County level support, State support is still needed.
- Recent state investments in capital improvements to the system will improve the condition of the system, but increased maintenance work on the part of the Coop will be needed – a new expense.
- The Coop controls the water system in the 6,500 acres of "Kalepa" State lands near Hanamaulu. This water system is essential for the development of agriculture on these lands, which are some of the few remaining areas available for ag development on State land.

As the state pursues the Food Sustainability and Self-Sufficiency strategies to increase supply of local food products, it is important that the State support lands such as these which were once very productive and can continue to be so with appropriate support of irrigation infrastructure.

We respectfully request support of HB1263 supporting these and other key irrigation system necessary to perpetuate and advance agriculture in the state of Hawaii.

Sincerely,

Jerry Ornellas President – Kauai County Farm Bureau Contact: 808-639-6044 jerryo@hawaii.edu

Melissa McFerrin Executive Administrator – Kauai County Farm Bureau Contact: 808-652-3217

kcfb@hawaiiantel.net



Saiva Siddhanta Church

Kauai's Hindu Monastery 107 Kaholalele Road Kapaa, Hawaii 96746-9304•USA Phone: (808) 822-3012

March 22, 2013

COMMITTEE ON WAYS AND MEANS Senator David Y. Ige, Chair Senator Michelle N. Kidani, Vice Chair

Testimony on HB1263 HD2 SD1 Relating to Irrigation March 25, 2013, 9:10 AM, Room 211

Per, Swami Arumngam Fater

Chairperson Ige and Members of Committee:

We are writing today in favor of HB1363. We are users of this water system and a founder member of the East Kauai Water Users' Cooperative Board of Directors until 2006. The water supplied by the ditch is very important to the Church.

The agriculture industry remains an essential component of Hawaii's economic landscape and only possible with a reliable supply of water. The East Kauai system can irrigate 4,000 acres of productive farm land which has in past years produced millions of dollars worth of sugar cane. Its two reservoirs and 30 plus miles of ditch are an irreplaceable State-owned resource valued by experts at hundreds of millions of dollars.

The State is amply justified in providing partial support to the system which enjoys a strong volunteer effort.

We urge your committee to back the community's grass roots efforts to preserve and operate this system through the East Kauai Water Users' Cooperative.

Saiva Siddhanta Church

Rev. Arumugam Katir

To: WAM Testimony
Cc: hvtaro@hawaiiantel.net

Subject: Submitted testimony for HB1263 on Mar 25, 2013 09:10AM

Date: Sunday, March 24, 2013 11:52:03 AM



HB1263

Submitted on: 3/24/2013

Testimony for WAM on Mar 25, 2013 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	at Hearing
Rodney Haraguchi	Kauai Taro Growers Association	Support	No

Comments: The members of the Kauai Taro Growers Association, who are taro farmers throughout the island of Kauai, supports the funding to repair the Menehune Irrigation ditch in the amount of \$45,000. Time is of the essence and the taro farmers need immediate repair as their taro fields need consistant water supply. Taro farmers are faced with many challenges and consistant water supply is of the highest priority, for without water there can be no taro.

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

To: WAM Testimony
Cc: hawaifish@gmail.com

Subject: Submitted testimony for HB1263 on Mar 25, 2013 09:10AM

Date: Sunday, March 24, 2013 8:35:57 AM

HB1263

Submitted on: 3/24/2013

Testimony for WAM on Mar 25, 2013 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Ron Weidenbach	Hawai Aquaculture and Aquaponics Association	Support	No

Comments: Reliable water resources are critical to all forms of agriculture, and are fundamental to aquaculture and aquaponics. Hawaii agriculture is fortunate to have the engineering marvels of the former plantation irrigation systems designed and constructed more than a century ago to support of current efforts in increase local food production and our food self sufficiency. Unfortunately, after more than a century of neglect and decades of deferred maintenance following plantation closures, most of these systems are in need of significant repair, some major repair. With today's regulatory environment and construction costs, it would not be feasible to construct such systems from scratch, and if we keep deferring the badly needed repairs and improvements, these systems will reach a point where they cannot be repaired. If we are serious about supporting local agriculture, then we need HB 1263 passed this session to help finance these long overdue improvements. Please pass HB 1263 today.

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

To: WAM Testimony
Cc: hawaiifish@gmail.com

Subject: Submitted testimony for HB1263 on Mar 25, 2013 09:10AM

Date: Sunday, March 24, 2013 5:22:09 PM

HB1263

Submitted on: 3/24/2013

Testimony for WAM on Mar 25, 2013 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	at Hearing
Ron Weidenbach	Hawaii Aquaculture and Aquaponics Association	Support	No

Comments: Receipt of previous strongly supportive and detailed testimony never confirmed. In short, water is fundamental to agriculture. Former plantation irrigation systems are a tremendous infrastructure resource to support Hawaii agriculture, including aquaculture and aquaponics, and general obligation bonds to finance improvements are badly needed to prevent further deterioration of these engineering marvels that could never be built from scratch in today's regulatory and financial environment. We must preserve these for current and future food production in our state. Please pass HB1263 to enable financing to do so.

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To: WAM Testimony

Cc: <u>warrenmcfb@hotmail.com</u>

Subject: *Submitted testimony for HB1263 on Mar 25, 2013 09:10AM*

Date: Friday, March 22, 2013 5:20:45 PM

HB1263

Submitted on: 3/22/2013

Testimony for WAM on Mar 25, 2013 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Warren Watanabe	MCFB	Support	No

Comments:

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To: WAM Testimony

Cc: <u>gwilliams@kauaicoffee.com</u>

Subject: Submitted testimony for HB1263 on Mar 25, 2013 09:10AM

Date: Saturday, March 23, 2013 11:49:32 AM

HB1263

Submitted on: 3/23/2013

Testimony for WAM on Mar 25, 2013 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Greg Williams	Individual	Support	No

Comments: I would like to support this bill. Water is the life blood for all agriculture in most places in the world including Kauai. Having been directly involved in ag. here on the Garden Island since 1974, I have seen the devastation that can occur to sugarcane, coffee, pastures, and other crops that are not supplied with enough irrigation water. It would be a shame to let this infrastructure decline to the point where it is no longer functional.

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To: WAM Testimony

Cc: gordines@kauaiflowers.com

Subject: Submitted testimony for HB1263 on Mar 25, 2013 09:10AM

Date: Saturday, March 23, 2013 5:20:53 PM

HB1263

Submitted on: 3/23/2013

Testimony for WAM on Mar 25, 2013 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
John R. Gordines	Individual	Support	No

Comments: I have been a member of the East Kauai Water User's Cooperative for the past 10 years. We are in dire need of funding to support the end users of the system being confident that the waterways will continue to remain in use and maintenance managed. No water no AG!!!

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To: WAM Testimony

Cc: <u>GoodingK@hawaiiantel.net</u>

Subject: Submitted testimony for HB1263 on Mar 25, 2013 09:10AM

Date: Sunday, March 24, 2013 10:14:55 AM



HB1263

Submitted on: 3/24/2013

Testimony for WAM on Mar 25, 2013 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Kelly Gooding	Individual	Support	No

Comments: No irrigation water, no agriculture. No agriculture, no food. Any questions? Mahalo plenty for your time and attention to this critical issue.

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To: WAM Testimony

Cc: <u>LaurieHo1@hawaiiantel.net</u>

Subject: Submitted testimony for HB1263 on Mar 25, 2013 09:10AM

Date: Sunday, March 24, 2013 9:57:14 AM



HB1263

Submitted on: 3/24/2013

Testimony for WAM on Mar 25, 2013 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Laurie Ho	Individual	Support	No

Comments: I write in support of the Menehune Ditch repairs of \$45,000 and the East Kauai Water Users Cooperative's request for \$75,000. MAHALO for your Kokua of Kauai County's Agriculture!

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To: WAM Testimony
Cc: mnakahata@gmail.com

Subject: *Submitted testimony for HB1263 on Mar 25, 2013 09:10AM*

Date: Friday, March 22, 2013 5:21:32 PM

HB1263

Submitted on: 3/22/2013

Testimony for WAM on Mar 25, 2013 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Mae Nakahata	Individual	Support	No

Comments:

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To: WAM Testimony
Cc: 5016kalord@gmail.com

Subject: Submitted testimony for HB1263 on Mar 25, 2013 09:10AM

Date: Monday, March 25, 2013 7:32:30 AM

HB1263

Submitted on: 3/25/2013

Testimony for WAM on Mar 25, 2013 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Randall S. Uyehara	Individual	Support	No

Comments: +Taro farmers Dana Kaohelaulii, Herman Kaohelaulii, Elwood Manini, Randall Uyehara, Kaeo Apo, Jim Aana and Juanzo Bernaldes plant, grow and harvest their crops with water from the Menehune Ditch. Increasing, water flow has been reduced and many times cut off due to corrosion and breaks on the existing PVC and metal pipeline that supplies water to this ditch. As a taro farmer and member of the Kauai Taro Growers Association as well as the Kauai County Farm Bureau I respectfully ask for your support of HB 1263 and HD2SD1.

Please note that testimony submitted <u>less than 24 hours prior to the hearing</u>, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

To: WAM Testimony
Cc: wislts@hotmail.com

Subject: *Submitted testimony for HB1263 on Mar 25, 2013 09:10AM*

Date: Saturday, March 23, 2013 12:38:31 AM

HB1263

Submitted on: 3/23/2013

Testimony for WAM on Mar 25, 2013 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Wayne Shimokawa	Individual	Support	No

Comments:

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