

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1534, H.D. 1

February 20, 2014

RELATING TO AGRICULTURE INNOVATION

House Bill No. 1534, H.D. 1, establishes the Agriculture Innovation Grant Program within the Department of Business, Economic Development and Tourism to support and nurture agriculture innovation in Hawaii. The bill also creates the Agriculture Grant Fund which is the mechanism proposed to fund this program.

While the Department of Budget and Finance does not take any position on the policy of the Agriculture Innovation Grant Program, as a matter of general policy, the department does not support the creation of special funds which do not meet the requirements of Section 37-52.3, Hawaii Revised Statutes. Special funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; 3) demonstrate the capacity to be financially self-sustaining; and 4) why the program cannot be implemented successfully under the general fund appropriation process. In regards to this bill, it is difficult to determine whether the special fund will be self-sustaining.

Written Statement of
ROBBIE MELTON
Executive Director & CEO
High Technology Development Corporation
before the
HOUSE COMMITTEE ON FINANCE

Thursday, February 20, 2014
11:00 a.m.
State Capitol, Room 308
In consideration of

HB 1534 HD1 RELATING TO AGRICULTURE INNOVATION.

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee on Finance.

The High Technology Development Corporation (HTDC) **supports the intent** of HB 1534 HD1 relating to Agriculture Innovation. HTDC supports the intent of providing resources to nurture and grow agricultural innovation and supporting startups and businesses in this arena. HTDC comments that the College of Tropical Agriculture and Human Resources (CTAHR), more specifically, the Agribusiness Incubator Program (AIP), may be better suited to implement the program proposed in HB 1534 HD1, as AIP's mission is to provide business consulting services to agriculture-related businesses. HTDC has supported and partnered with AIP on projects in the past. If HTDC is to administrate this grant program, we respectfully comment that the administration and implementation of this grant would require more than the one percent of the program funds appropriated.

HTDC comments that in 2012, Act 170, the Launch Akamai Venture Accelerator (LAVA), required \$250,000 to properly and successfully administrate a \$2,000,000 program. HTDC would require similar resources to build statewide expertise by bringing in specialists to learn best practices from other states for an agribusiness incubation program and understand how to successfully implement and measure the program proposed in HB 1534 HD1.

Thank you for the opportunity to offer these comments.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Written Testimony Presented Before the
House Committee on Finance
Thursday, February 20, 2014 at 11:00 am
by

Maria Gallo, Dean
and

J. Kenneth Grace, Interim Associate Dean
College of Tropical Agriculture and Human Resources
University of Hawai'i at Mānoa

HB 1534 HD1 – RELATING TO AGRICULTURE INNOVATION

Chair Luke, Vice Chairs Nishimoto and Johanson, and members of the House Committee on Finance, thank you for the opportunity to testify today in support of HB 1534 HD1, which establishes an Agriculture Innovation Grant Program to fund agribusiness incubator programs to support start-up businesses in Hawai'i focused on feed production, food waste recycling, on-farm energy efficiency, and soil health and conservation, and food related agricultural activities.

We support this effort to support the incubator programs that are essential for agricultural start-ups to develop into successful businesses, provided that its passage does not replace or adversely impact priorities as indicated in the University's Board of Regents Approved Executive Biennium Budget.

The grant-supported Agricultural Incubator Program (AIP) at the University of Hawai'i, housed within CTAHR and entirely supported to date by competitive federal funding, demonstrates the potential for such programs to help Hawai'i. Private efforts in Hawai'i to make food safety certified kitchen and food processing facilities available to new businesses have also proven quite popular.

Although it is suggested in the committee report that expertise on management of the program might be sought from the Agricultural Incubator Program (AIP) at the University of Hawai'i, we would defer to the Department of Business, Economic Development and Tourism (DBEDT) for management of this new program in order to avoid any perceived conflict of interest. Since it is entirely grant supported, the AIP may well be a future applicant for support from the Agriculture Innovation Grant Program, since provision of support to programs such as AIP on a competitive basis is the purpose described in HB 1534 HD1.

As a minor point, we suggest clarification of the bill language to expressly name the Hawai'i High Technology Development Corporation (HTDC), and the Board of Directors of the HTDC as the managing entities for this new program. Although HB 1534 HD1 represents a revision of HRS 206-M, the managing entities are referred to generically in the current language as the "development corporation" and the "board" and HTDC is not specifically named.



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 20, 2014

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON HB 1534, HD1
RELATING TO AGRICULTURE INNOVATION

Room 308
11:00 AM

Aloha Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and Members of the Committee:

I am Christopher Manfredi, President of the Hawaii Farm Bureau Federation (HFB). Organized since 1948, the HFB is comprised of 1,832 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.

HFB supports the intent of HB 1534 with the following comments. HB 1534, HD1 establishes the agriculture innovation grant program within the Department of Business, Economic Development, and Tourism (DBEDT) to fund agribusiness incubator programs for the support of start-up agricultural businesses developing innovations for feed production, food waste recycling, on-farm energy efficiency, and soil health and conservation.

HFB feels that HDOA and/or the Agribusiness Development Corporation (ADC) are better suited to evaluate the grant applications described in the measure. HFB wonders if a new board within DBEDT would have the requisite expertise to evaluate applications. As such, we recommend (at minimum) that a joint board be established to evaluate these applicants; one that includes agribusiness expertise.

Moreover, this new program seems very similar to the Agricultural and Aquaculture Loan programs currently administered by HDOA and its Board of Agriculture. Those programs could be more easily modified to award grants as well as loans, rather than starting from scratch with a new program. HFBF prefers that the existing programs be strengthened. We believe expanding the existing programs would yield better, timelier results than a new program that seems redundant and in some ways may dilute the existing programs.

Thank you for the opportunity to comment on this measure.

FIN-Jo

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 19, 2014 8:38 AM
To: FINTestimony
Cc: gottlieb@hawaii.rr.com
Subject: *Submitted testimony for HB1534 on Feb 20, 2014 11:00AM*

HB1534

Submitted on: 2/19/2014

Testimony for FIN on Feb 20, 2014 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Alan Gottlieb	Hawaii Cattlemen's Council	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, 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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov



Feb 19, 2014

Hawaii Farmers Union United –
Kona Chapter
P.O. Box 5436
Kailua-Kona HI 96745-5436

Steve Sakala
President

Aloha Chairwomen Luke and Committee Members,

Greg Smith
Vice-President

I am writing you in support of HB 1534. This bill would spur the type of agriculture innovation that would help our great state become a model for agriculture community's worldwide. This bill would also help move us toward a more stable food system. We here a lot of talk about food security here on the islands and this bill could be the action step that moves us toward that goal.

John Giblin Jr.
Vice President

The unique market aspects of our state as well as the high costs of imports continually challenge our farmers. As I understand this bill it would help create solutions in the area's of greatest challenge. When these challenges are overcome on a local scale we will be able take these proven solutions and scale up to meet the growing demand for local food with healthy soils.

Kurt
Schweickhard
Treasurer

The benefits of this bill will extend will beyond agriculture in our state. We know that each dollar generated at the local level has a "multiplier" effect of 3 to 4 times the original amount, so by creating innovation at the local level our overall economy will see the benefits.

Hazel Beck
Secretary

Thank you for hearing this bill and we urge you to support HB1534.

Kelly Greenwell
Member

Mahalo,
HAWAII FARMERS UNION UNITED-
KONA CHAPTER

Doug Pittman
Member

STEVE SAKALA

Franz Weber
Member

Steve Sakala
Kona Chapter, President

Kuahiwi Ranch

PO Box 24

Na`alehu HI 96772

(808) 929-7333

mgalimba@kuahiwiranch.com

<http://kuahiwiranch.com/>



Support HB1534

Aloha Chair Luke and Finance Committee,

I would like to express my strong SUPPORT for HB 1534 and urge the committee to fund this bill generously. This is the kind of flexible, forward-looking program that can unlock the potential for innovative approaches to agriculture that help everyone.

Michelle Galimba
Co-Owner, Rancher
Kuahiwi Ranch

HOUSE COMMITTEE ON FINANCE

February 20, 2014, 11:00 A.M.

(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF HB1534

Aloha Chair Luke, Vice Chairs Nishimoto and Johanson and Members of the Committee:

The Energy Excelsior, a startup program dedicated to helping solve energy challenges, starting in Hawaii, **strongly supports** HB 1534. This measure will help to support a food-focused agricultural industry by providing funding for startup agricultural businesses that are developing innovations in feed production, food waste recycling, on-farm energy efficiency, and soil health and conservation.

The Energy Excelsior is a program of the non-profit organization PICHTER, the Pacific International Center for High Technology Research. We strongly support HB 1534 for four main reasons:

- 1) **State investment is a catalytic economic development activity.** The Energy Excelsior has provided about \$7M to companies to date, and these companies have raised \$40M in follow-on funding and generated over \$15M in revenue.
- 2) **Innovation companies create high quality jobs in a knowledge-based economy.** For example, Energy Excelsior companies have created over 400 jobs, and provided work experience to numerous interns in clean energy and agriculture.
- 3) **Money spent by innovation companies directly supports the trades.** With a portion of awarded funding going to general contractors, electricians, carpenters, engineers, and other trades, the innovation economy supports not only high-tech jobs but also our local construction base.
- 4) **Support for groundbreaking innovation elevates Hawaii's image across the U.S. and the Asia-Pacific.** Hawaii's economic conditions and need to produce energy locally enable the state to attract top-tier clean energy technologies for testing. Agriculture has the same key drivers that would allow it to attract public and private investment in new projects that support the development of local food.

To improve understanding of the bill, we suggest the following revisions:

- In section 206M-A, specify which "development corporation"
- In section 206M-B (b), specify the composition of the "board"

We strongly support HB1534 and urge you to pass it with these minor clarifications. Mahalo for the opportunity to testify.



HOUSE COMMITTEE ON FINANCE
Thursday, February 20, 2014 – 11:00 a.m. – Room 308

Ulupono Initiative Strongly Supports HB 1534 HD 1, Relating to Agriculture Innovation

Dear Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson and Members of the Committee:

My name is Kyle Datta and I am general partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase renewable energy, and reduce/recycle waste. Ulupono invests in projects that have the potential to create large-scale, innovative change.

Ulupono strongly supports HB 1534 HD 1, which creates an agriculture innovation grant program. As a for-profit investment firm, we are continually searching for new entrepreneurs and businesses that can help increase local food production. However, there are few programs in Hawai'i that are designed to help startup agricultural endeavors. Similar to the Energy Excelsator program conducted by Pacific International Center for High Technology Research (PICHTER), this program will help these companies start on a better trajectory by providing them early stage funding and expert consultation. Ulupono is currently analyzing some of the companies that participated in the Energy Excelsator for potential investment opportunities. If a similar agricultural program exists, Ulupono would be interested in observing the types of agricultural business models that can support local food production.

Furthermore, the average age of a Hawai'i farmer is approximately 60 years old. An agriculture innovation grant program would bring new entrepreneurs into Hawai'i's agricultural sector. These entrepreneurs can eventually create the next generation of agricultural leaders.

We believe that working together we can help produce more local food, support an economically strong homegrown agriculture industry, which strengthens our community with fresh, healthy food. Thank you for this opportunity to testify.

Respectfully,

Kyle Datta
General Partner

Email: communications@ulupono.com



FIN-Jo

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 19, 2014 4:02 PM
To: FINTestimony
Cc: deborah@imaginariums.com
Subject: *Submitted testimony for HB1534 on Feb 20, 2014 11:00AM*

HB1534

Submitted on: 2/19/2014

Testimony for FIN on Feb 20, 2014 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Deborah Davis	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, 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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

TESTIMONY
OF
UNMANI CYNTHIA GROVES
PRACTICE MANAGEMENT CONSULTANT ON HEALTH AND ENVIRONMENT
BEFORE
THE FINANCE COMMITTEE

THURSDAY FEBRUARY 20, 2014 11:00 AM CONF. RM 308

HOUSE BILL NO. HB1534 HD1
AGRICULTURAL INNOVATION GRANTS PROGRAM BILL

Aloha Finance Committee Chair and Finance Committee,

Mahalo for the opportunity to testify. I believe this is one of the most valuable bills we can support to bring in programs that are needed for the health of our soils with remediation projects such as the on-farm mentoring projects, food waste recycling, and the industrial hemp agricultural remediation project as a start.(SB2174 SD1) for what is purported to be a lucrative economically viable industry with over 2,000 value added projects that numerous states are jumping on to legalize industrial hemp.

Feb 7, 2013 from <http://www.votehemp.com> : "With the U.S. hemp industry estimated at over \$500 million in annual retail sales and growing, a change in federal law to allow colleges and universities to grow hemp for research means that we will finally begin to regain the knowledge that unfortunately has been lost over the past fifty years," says Vote Hemp President Eric Steenstra. "This is the first time in American history that industrial hemp has been legally defined by our federal government as distinct from drug varieties of Cannabis. The market opportunities for hemp are incredibly promising-ranging from textiles and health foods to home construction and even automobile manufacturing. This is not just a boon to U.S. farmers, this is a boon to U.S. manufacturing industries as well."

The farm incubation programs would allow more farmers who may otherwise not have moved forward with new methodologies or new crops, and can do so particularly with on farm mentoring projects associated with incubation projects and satellite extension programs.

We have an opportunity to support not just the large commercial ventures, but more the small and medium farmers with greater involvement. Grants to support the extension programs bringing innovative technologies "out to the farming areas themselves:" can make a big difference economically and wholistically in gaining momentum with new and older farmers and those who care about food security. and who have a strong connection to the 'aina itself above and beyond the profits.

In discussions I have had with those involved with getting farmers more active in the types of farming ventures in this bill, we need to fund additionally a promotion program in conjunction with the Dept of Employment in recruiting new farmers into the farming incubation programs that fit with the profile of small and medium farmers, as well as larger commercial farmers. Funding programs that would utilize the incubation programs with Veterans for Farmers, Farmer training to the prisoners who are ready to emerge, particularly our Hawaiian prisoners who genetically have a disposition for the 'aina, and projects like the La'akea Project on Maui for the mentally challenged with mentors can involve and empower those who can benefit most by the connection with nature and farming and they with growing our crops. With groups considered fringe, this can serve to get folks off the government deficit payroll to becoming more engaged and empowered citizens. Incubation programs that involve biomicry, such as promoted through the Nature Conservancy would be invaluable to not only the creation of new agricultural technologies in harmony with nature, but farming incubation programs to try them out.

Mahalo for your consideration.

Unmani Cynthia Groves
unmanib@maui.net

finance1

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 19, 2014 8:29 PM
To: FINTestimony
Cc: clivechi3@yahoo.com
Subject: *Submitted testimony for HB1534 on Feb 20, 2014 11:00AM*

LATE

HB1534

Submitted on: 2/19/2014

Testimony for FIN on Feb 20, 2014 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Clive Cheetham	Ama	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, 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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov



LATE

1768 Kalawi Place
Wailuku (Maui), Hawaii 96793

February 19, 2014

Email Testimony

The Honorable Sylvia Luke
Chairwoman House Finance Committee
repluke@capitol.hawaii.gov
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

House Finance Committee hearing for House Bill 1534

Vincent Mina
President
Maui

Aloha Chair Luke, Vice-Chairs Ling and Johansen, honorable committee members.

HFUU is **in Support of HB 1534**; an appropriation for agriculture innovation grants.

Simon Russell
Vice-President
Maui

In order to compete with imports, it is critical Hawaii's farmers have everything they can to become competitive and begin to provide the majority of our food here.

Respectfully submitted,

David Case
Secretary
Kona

Hawaii Farmers Union United

Simon Russell
Simon Russell

Ray Maki
Treasurer
Kauai

Vice-President and Legislative Chair

Pamela Boyar
Member
Oahu

The Hawaii Farmers Union and its Chapters is a nonprofit corporation formed under Hawaii law. It advocates for the sovereign right of farmers to create and sustain vibrant and prosperous agricultural communities for the benefit of all Hawaii through cooperation, education and legislation.

David Fisher
Member
Maui

Steve Sakala
Member
Kona

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 19, 2014 6:16 PM
To: FINTestimony
Cc: tracy.emills@gmail.com
Subject: Submitted testimony for HB1534 on Feb 20, 2014 11:00AM

LATE

HB1534

Submitted on: 2/19/2014

Testimony for FIN on Feb 20, 2014 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Tracy E Mills	Individual	Comments Only	No

Comments: We support this bill!

Please note that testimony submitted less than 24 hours prior to the hearing, 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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 20, 2014 8:23 AM
To: FINTestimony
Cc: bcole47@hawaiiantel.net
Subject: Submitted testimony for HB1534 on Feb 20, 2014 11:00AM

HB1534

Submitted on: 2/20/2014

Testimony for FIN on Feb 20, 2014 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Betsy Cole	Individual	Support	No

Comments: Our local food systems need the type of support being proposed, if we are to make a serious effort to produce and distribute more food in Hawaii.

Please note that testimony submitted less than 24 hours prior to the hearing, 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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov