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**TESTIMONY OF SCOTT E. ENRIGHT
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE HOUSE COMMITTEE ON AGRICULTURE

February 5, 2015
8:30 A.M.
CONFERENCE ROOM 312

HOUSE BILL NO. 534
RELATING TO SECTION 266-17, HAWAII REVISED STATUTES

Chairperson Tsuji and Members of the Committee:

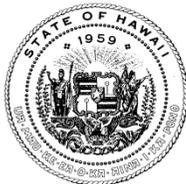
Thank you for the opportunity to testify on House Bill 534. This bill would require the Department of Transportation (DOT) to discount the rates and fees pertaining to the properties it manages and operates for the shipping of Hawaii-grown agricultural products.

Shipping costs are a significant factor for local farmers in determining whether or not to sell their products around the state, to the mainland, and abroad. Reducing these costs can help local farmers with their expenses and allow some farmers to consider selling their products to new markets.

The Department of Agriculture supports the intent of this bill, but defers to DOT.



DAVID Y. IGE
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Testimony of
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Feb. 5, 2015
8:30 a.m.
State Capitol, Room 312

H.B. 534
RELATING TO SECTION 266-17, HAWAII REVISED STATUTES

House Committee on Agriculture

The Department of Transportation (DOT) **supports the intent** of H.B. 534 which proposes to discount rates and fees pertaining to the use of harbor wharves, and properties managed and operated by the DOT regarding the shipment of Hawaii-grown agricultural products. The bill also proposes a housekeeping measure to remove Kewalo Basin from section 266-17, HRS.

The Harbors Division supports providing an incentive to the agricultural industry to develop agricultural products. Currently, the DOT Harbors discounts its wharfage rates for the shipment of agricultural products (see <http://hidot.hawaii.gov/harbors/updated-self-reporting-forms-wharfage-pipeline-tolls-and-passenger-7-01-14-to-6-30-15/>). For example, lumber is assessed \$3.98 per ton. Timber logs are considered as "forestry", an agricultural product as provided in HRS §237-6, and is assessed a fee of \$1.25 per ton under the category of "overseas domestic.". The bill extends the yet to be determined discount for the use of harbor property. The discount would be applied to the appraised value of the leasing of the property pursuant to HRS Chapter 171.

To promote overseas export of agricultural products, the Harbors Division supports the intent of the bill (note that the amount of the discount is not identified) and proposes the following amendments: a) replace the term "discount" with "incentive"; b) limit the incentive to the use of property and for out-of-state exports of agricultural products only; c) insert that the current discounted rates for wharfage will remain unchanged; and d) provide for a sunset date of the incentive or a stepped approach to lowering the incentive over time.

Thank you for the opportunity to provide testimony.



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February 5, 2015

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE

TESTIMONY ON HB 534
RELATING TO SECTION 266-17, HAWAII REVISED STATUTES

Room 312
8:30 AM

Aloha Chair Tsuji, Vice Chair Onishi, and Members of the Committee:

I am Christopher Manfredi, President of the Hawaii Farm Bureau Federation (HFB). Organized since 1948, the HFBF is comprised of 1,932 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 HB 534 which provides discounted rates and fees for the use of harbors, wharves, and properties managed and operated by the DOT for shipment of Hawaii-grown agricultural products.

Viable agriculture in Hawaii is dependent upon an efficient, reliable, and affordable transportation system. With our individual islands separated by vast expanses of water, and given that agricultural production areas are distant from population centers, our State goal of increased self-sufficiency is dependent upon a sound and affordable transportation system. Transportation costs for farmers and ranchers can be significant. HFB continues to pursue methods that will improve shipping and we encourage any dialogue that could result in reduced rates to all farmers and ranchers. Shipping costs for farmers and ranchers are a major component of our cost of goods, which contributes to our challenges of market competitiveness.

Currently, Section 237-5, Hawaii Revised Statutes, defines "agricultural products" as floricultural, horticultural, viticulture, forestry, nut, coffee, dairy, livestock, poultry, bee, animal, and any other farm, agronomic, or plantation products.

We request that the definition be amended by including aquaculture and aquaponic products and by clarifying coffee with the addition of "whether cherry, parchment, or green bean".

Mitigating the cost of transportation for farmers and ranchers will significantly contribute to improving agricultural viability.

Thank you for the opportunity to comment on this measure.