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February 17, 2021

HEARING BEFORE THE
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

TESTIMONY ON HB 681, HD1
RELATING TO MANAGEMENT OF STATE FUNDS

Conference Room 312
10:00 AM

Aloha Chair Quinlan, Vice-Chair Holt, 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 HB 681, HD1, which establishes linked investments to provide loan funds for agriculture and authorizes the State to invest in linked investments. Appropriates funds to the department of budget and finance to hire one position to administer the linked investment program.

Agriculture, like all businesses, requires capital investment. The cost of operating a farm or ranch in Hawaii can be significant. In many cases, agricultural operations require capital that our local farmers just don't have. Operating capital is not easy to obtain with the traditional methods of financing.

Linked Investments can provide an alternative loan program for farmers to increase their production. In order to meet our State goal to increase food production and become more self-sufficient, our farmers must have access to capital to increase their production capacity.

Thank you for the opportunity to comment on this measure.



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WRITTEN ONLY

TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
ON
HOUSE BILL NO. 681 H.D.1

February 17, 2021
10:00 A.M.
Via Videoconference

RELATING TO MANAGEMENT OF STATE FUNDS

House Bill No. 681, H.D.1, proposes to amend Chapter 36, HRS, relating to the Management of State Funds. The bill proposes establishment of a Linked Investment Program to support loans relating to Agriculture in Hawai'i. The state would commit up to \$5,000,000 for the creation of linked investments through agreements with eligible lending institutions to place certificates of deposit to provide capital for the loans.

The Department offers the following comments on the Bill:

1. Although the intent is to benefit farms by providing agricultural loans not otherwise available, there may be a lost opportunity for the state to invest in higher yielding instruments. This potential loss is mitigated by capping the program at \$5,000,000.
2. Availability of capital may not be the underlying issue for financial institutions to make these types of loans.

Thank you for your consideration of our comments.