

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 COMMERCE AND CONSUMER  
PROTECTION**

**FEBRUARY 24, 2021  
9:30 A.M.  
VIA VIDEO CONFERENCE**

**SENATE BILL NO. 495 SD1  
RELATING TO AGRICULTURE**

Chairperson Baker and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 495 SD1 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.

The Department notes 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



Page 2

cooperative, through a guardian speaking on behalf, and in the best interest, of the sacred species or natural ecosystem.” (Page 3, line 18 to page 4, line 2). The Department is unable to assess the implications of this amended definition on existing Hawai'i agricultural cooperatives.

Thank you for the opportunity to comment on this measure.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Senate Committee on Commerce and Consumer Protection  
Wednesday, February 24, 2021 at 9:30 a.m.

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

### SB 495 SD1 – RELATING TO AGRICULTURE

Chair Baker, Vice Chair Chang, and members of the Senate Committee on Commerce and Consumer Protection:

Thank you for the opportunity to provide testimony in support of the concept of SB 495 SD1. 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 SD1.



February 19, 2021

Senator Roslyn H. Baker, Chair  
Senator Stanley Chang, Vice Chair  
Senate Committee on Commerce and Consumer Protection

**Support of SB 495, S.D.1 Relating to Agriculture (Updates the laws on agricultural cooperative associations and consumer cooperative associations including operations as resale agents and conversions.)**

**Wednesday, February 24, 2021, at 9:30 a.m.; Conference Room 229 & 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, S.D.1** 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, S.D.1.** 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, S.D.1**, and respectfully urges your favorable consideration of this bill.

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

I write in support of SB495

I am Teresa Young a cooperative development specialist employed by The Kohala Center. I currently offer business support services to the over 30 cooperatives here in Hawaii as a member of the Rural Cooperative and Business Development Services (RCBDS). I have been working with cooperative for over 15 years and serving Hawaii cooperatives for more than 10.

My purpose today is to fill in the story. To give you more context that lead to the proposed amendments and encourage you to support these needed changes to the current statutes 421 and 421c for cooperatives.

The need for these changes in cooperative statutes arose within the cooperative community, kept presenting themselves in some way and we wanted to address these issues.

We met with our State office of USDA to talk about cooperatives and these issues. Rather than just try to resolve the issue, we would do research among the cooperatives to find out what other issues we might clean up and resolve. We interviewed cooperative throughout the state, we studied the current statutes and we participated in a national group of cooperative lawyers looking at the current state cooperative statutes and working towards consistency in a general cooperative statute states could adopt. These updates in the current statutes will allow some needed changes to the existing statutes.

SB 495 offers amendments to existing cooperative statutes as follows:

HRS 421-2 There are currently ag cooperatives engaged in land leasing and they would like the land leasing added to the purposes of the 421 statute.

HRS 421-17 allows members a greater voice by the ability to adopt a referendum provision.

HRS 421-26 which allows a member of cooperatives to provide labor and volunteer in service to the cooperative. 421c already allows for this and this amendment applies what is already stated in 421c to the other cooperative statutes as well.

HRS 421-1 Expand the definition of a "person" to include individuals, partnerships, corporations, limited liability companies, and associations, sacred species and natural ecosystems.

These amendments clean up the current statutes. Thank you for your consideration on this important legislation, please support.

Teresa Young



Email: [communications@ulupono.com](mailto:communications@ulupono.com)

SENATE COMMITTEE ON COMMERCE & CONSUMER PROTECTION  
Wednesday, February 24, 2021 — 9:30 a.m.

**Ulupono Initiative supports SB 495 SD 1, Relating to Agriculture.**

Dear Chair Baker 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 SD 1**, 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*





**HĀMAKUA  
AGRICULTURAL  
COOPERATIVE**

February 22, 2021

Senator Rosalyn H. Baker, Chair  
Senator Stanley Chang, Vice Chair  
Committee on Commerce and Consumer Protection

Re: Testimony in Support of SB 495

Dear Chair Baker and Committee on Commerce and Consumer Protection,

I am Lori Beach a long-time member and current manager of the Hamakua Agricultural Cooperative (HAC). As a cooperative, we hold several leases from the Hawaii Department of Agriculture for over 800 acres of land along the Hamakua Coast. HAC sub-leases these lands out to our members as 100 farms ranging from 3 acres to 20 acres.

When we incorporated in 1994, the local sugar company had just shut down and our purpose was to provide the recently displaced sugar workers an avenue of employment in our rural area. It has been a success and these lands provide locally produced goods to our community.

We used the HRS 421 Agricultural Cooperative Statute when we were formed as it was the only statute that fit our purpose. We noticed that the purpose of leasing land is not included in the statute but we are proof that it is necessary and valuable to include it.

Since our purpose as a cooperative is leasing land for agricultural purposes, we ask for your support for SB 495 which adds land leasing to the purposes of the HRS 421 Agricultural Cooperative statute. Please support SB 495.

We look to your support of cooperatives in Hawaii.

Lori Beach  
HAC Manager

P.O. Box 1335 Honokaa, Hawaii 96727 (808) 775-1107  
Email: [farmers@hnhac.com](mailto:farmers@hnhac.com) Website: [www.hamakuaagcoop.com](http://www.hamakuaagcoop.com)

*Hamakua Agricultural Cooperative is an equal opportunity provider and employer.*

**SB-495-SD-1**

Submitted on: 2/22/2021 5:20:57 PM

Testimony for CPN on 2/24/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Patrick Merritt	Testifying for Cacao Farmers of Hawaii	Support	No

Comments:

Aloha

My name is Patrick Merritt and I am President of the Cacao Farmers of Hawaii, a 421 agricultural cooperative ( the 1st Cacao co op in the USA). I would like you to please support SB 495. I would be willing to testify. Please contact me at any time.

Aloha

Patrick Merritt

farfull444@ gmail.com

Senator Rosalyn H. Baker, Chair  
Senator Stanley Chang, Vice Chair  
Committee on Commerce and Consumer Protection

**Re: Testimony on SB 495 SD1 in support of including sacred species and natural ecosystems in the definition of “person”**

Wednesday, Feb. 24, 2021 at 9:30 AM, 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 in its governance structure. For example, a cooperative could recognize the land and water that allow the cooperative to thrive as a key part of the cooperative itself. This 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, dozens of municipalities across the U.S., and several tribal nations have recognized legal personhood for nature.<sup>1</sup> 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

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

- 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 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



February 22, 2021

**RE: SB 495 – Relating to Agriculture – In Support**

Senate Committee on Commerce and Consumer Protection (February 24, 2021, 9:30 a.m.)

To: Chair Rosalyn Baker, Vice Chair Stanley Chang, 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).

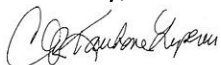
Second, to address necessary updates to the existing statutes, TKC’s cooperative development leadership and research consultants have identified the following updates to Hawai‘i’s Agricultural Cooperative Associations Act. An asterisk indicates the update will also be applied to Hawai‘i’s Consumer Cooperative 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; Eric Batha, owner, Hawaii Farming LLC and vice-president, Kamuela Vacuum Cooling 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](mailto:ckauhanelupenui@kohalacenter.org).

Sincerely,



President and Chief Executive Officer



# Environmental Caucus of The Democratic Party of Hawai'i

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February 23, 2021

Senate Bill 495  
Testifying in Support

Aloha Chair Baker; Vice Chair Chang and members of the Senate Committee on Commerce and Consumer Protection:

The Agriculture and Environment Committee of the Environmental Caucus of the State of Hawaii Democratic Party expresses its support for SB495 which updates and amends the Hawaii Statutes defining the organization and functions of Cooperatives and Cooperative Associations that may pertain to the Agricultural sector of Hawaii commerce. Among others, these updates: 1. allow a cooperative to be formed for the purpose of leasing land to its members (HRS421) 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, associations, sacred species and natural ecosystems. 6. allow an agricultural cooperative to utilize a newly formed General Cooperative Statute (proposed SB498/HB1303) (HRS 421-28)

The Agriculture and Environment Committee of the Environmental Caucus finds each of these purposes and functions of this Bill 495 to be appropriate to enroll its support for these measures.

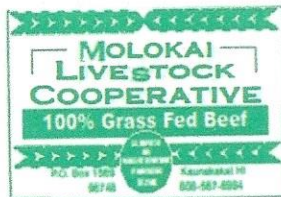
Mahalo for the opportunity to testify,

Jeff McKnight

Chair, Food Security and Agriculture Committee  
Vice Chair., Environmental Caucus







February 22, 2021

**RE: SB 495 – Relating to Agriculture – In Support**

Senate Committee on Commerce and Consumer Protection  
Hearing Schedule: February 24, 2021, 9:30 a.m.

To: Chair Rosalyn Baker, Vice Chair Stanley Chang, 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

February 22, 2021

**RE: SB 495 – Relating to Agriculture – In Support**

Senate Committee on Commerce and Consumer Protection

To: Chair Rosalyn Baker, Vice Chair Stanley Chang, 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 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



*Farmer owned, 'āina grown*

February 22, 2021

**RE: SB 495 – Relating to Agriculture – In Support**

Senate Committee on Commerce and Consumer Protection

To: Chair Rosalyn Baker, Vice Chair Stanley Chang, 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](mailto: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](http://eatbreadfruit.com) | [info@eatbreadfruit.com](mailto:info@eatbreadfruit.com)





66-1475 Pu'u Huluhulu Road, Kamuela, HI 96743 (808) 987-1604

February 22, 2021

Honorable Senator Rosalyn H. Baker, Chair  
Honorable Senator Stanley Ching, Vice Chair  
Committee on Commerce and Consumer Affairs

RE: TESTIMONY IN SUPPORT OF SB 495, February 24, 2021 9:30 a.m.

Hawai'i Farming LLC strongly supports SB 495, which creates a general cooperative statute that allows for greater flexibility within the cooperative framework. As a member of the Kamuela Vacuum Cooling Cooperative in Waimea on Hawai'i Island, we have first-hand experience on how working collectively in the agricultural industry is able to advance small family farms.

Hawai'i Farming LLC is located in the Lalamilo Ag Lots at the base of Mauna Kea on Hawai'i Island. We utilize progressive leading-edge technology, including hydroponic growing methods and greenhouse technology, to produce Keiki Cukes, Long English Cucumbers, and Japanese Cucumbers that are sold to markets across the state. As a member of the Kamuela Vacuum Cooling Co-op we were able to utilize a centralized distribution hub for all of the farmers in the Lalamilo Farm Lots in Waimea. The Kamuela Vacuum Cooling Co-op enables several small farms to merge distribution with larger farm entities to access wholesale markets across the state.

While the co-op model is utilized by agricultural businesses to share resources and reduce overhead costs, working together as a collective of farmers is not without its challenges. Maintaining infrastructure and accessing financing to do so is a challenge for many co-op businesses, as traditional lenders are not accustomed to working with co-ops. This bill would allow for important changes in existing co-op law; for example, it would facilitate land leasing by cooperatives, allow for the use of volunteers by co-op organizations, and permit co-ops to sell on a non-profit basis on behalf of their members. Furthermore, the adoption of a General Co-op Statute under which cooperatives can form would enable not only more diverse types of cooperatives to form but would allow co-ops to form with more diverse membership classes. Having a broader membership base consisting of individuals and businesses across the supply chain, including consumers and investors that believe in the mission of the business, increases the businesses economic viability and facilitates the long-term success of the co-op.

This bill will have a significant and beneficial impact on Hawai'i cooperatives and the small business sector, especially in rural areas of the state. For these reasons, we respectfully request your support of SB 495/HB 1302. Thank you for the opportunity to submit testimony.

Sincerely,

A handwritten signature in black ink, appearing to be 'Eric Batha', written in a cursive style.

Eric Batha, Owner

**SB-495-SD-1**

Submitted on: 2/22/2021 1:05:58 PM

Testimony for CPN on 2/24/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
David M Johnston	Individual	Support	No

Comments:

Greetings legislators,

I am writing in support of SB495. I am a member of a cooperative here in Maui. I also started the Facebook page Worker-controlled Cooperatives Association Maui. I am writing personally in support of this legislation. We need all the support we can to empower people to have democracy in the workplace, and worker-coops are one way to do that.

Thank you for your consideration to pass this bill.

David Johnston

PO Box 388

Puunene, HI 96784

hawaiidhr@yahoo.com

**SB-495-SD-1**

Submitted on: 2/22/2021 2:28:29 PM

Testimony for CPN on 2/24/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Todd Yamashita	Individual	Support	No

Comments:

Aloha, as a member of several cooperatives here in Hawaii, I would like to testify in support SB 495. I especially appreciate the inclusion of volunteers as well as added guidance for Hawaii's sacred places.

Mahalo,

Todd Yamashita



# DUNNE LAW

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E-Mail: [edunnelaw@gmail.com](mailto:edunnelaw@gmail.com)

February 22, 2021

Senator Rosalyn H. Baker, Chair  
Senator Stanley Chang, Vice Chair  
Committee on Commerce and Consumer Protection

Re: **Testimony in support of SB 495 SD 1**  
Wed., Feb. 24, 2021 at 9:30 a.m., via videoconference

As an attorney who works with cooperatives in Hawai‘i, I strongly support SB 495 SD 1, 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-SD-1**

Submitted on: 2/23/2021 12:48:52 AM

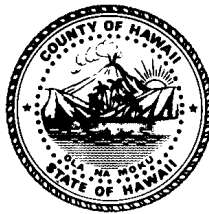
Testimony for CPN on 2/24/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Amy Brinker	Individual	Support	No

Comments:

Support

REBECCA VILLEGAS  
Council Member  
District 7, Central Kona



PHONE: (808) 323-4267  
FAX: (808) 323-4786  
EMAIL: [Rebecca.villegas@hawaiicounty.gov](mailto:Rebecca.villegas@hawaiicounty.gov)

## HAWAI'I COUNTY COUNCIL

*West Hawai'i Civic Center, Bldg. A  
74-5044 Ane Keohokalole Hwy.  
Kailua-Kona, Hawai'i 96740*

February 23, 2021

TESTIMONY OF REBECCA VILLEGAS  
COUNCIL MEMBER, HAWAI'I COUNTY COUNCIL  
ON SB 495, RELATING TO AGRICULTURE  
Committee on Commerce and Consumer Protection  
Wednesday, February 24, 2021  
9:30 a.m.  
Conference Room 229 & Videoconference

Aloha Chair Baker, and Members of the Committee:

I thank you for the opportunity to testify in support of SB 495, relating to agriculture. My testimony I submitted in my individual capacity as a member of the Hawai'i County Council and Chair of the Hawai'i County Council Climate Resilience and Natural Resources Management Committee.

The purpose of this measure is to update the laws on agricultural cooperative associations and consumer cooperative associations including operations as resale agents and conversions.

Hawai'i has the best climate for food production and some of the most fertile soil, yet we import 90% of our foods. In times of inclement weather or shipping strikes, the produce shelves on the outer islands are depleted.

Agricultural Cooperatives strengthen our communities with benefits to the farmers and the consumers. We don't need to import half ripe food that has not reached its full nutritional values, and we don't need to ship out our produce that exceeds National baseline nutritional values (HIPA research and testing). This bill is the key to helping our hardworking farmers and strengthening our food systems to ensure a more sustainable and self-sufficient local circular economy.

For the reasons stated above I urge the House Committee on Agriculture to support this measure as well. Should you have any questions, please feel free to contact me at (808) 323-4267.

Mahalo for your consideration.



Rebecca Villegas  
Council Member, Hawai'i County Council

**SB-495-SD-1**

Submitted on: 2/23/2021 10:00:37 AM

Testimony for CPN on 2/24/2021 9:30:00 AM



<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Sara Moore	Testifying for Kealia Ranch: Member of Hawaii Island Meat Cooperative	Support	No

Comments:

As a member of Hawaii Island Maeat Cooperative, I am in support of SB495 which will offer amendments to the existing cooperative statutes that support current activities, clean up existing language and offer a referendum process for members. These amendments will support practices and membership of the existing cooperatives and encourage new ones.

Thank you for your support to this SB495

Mahalo,

Sara Moore