

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



SHARON HURD
Chairperson, Board of Agriculture

MORRIS M. ATTA
Deputy to the Chairperson

State of Hawai'i
DEPARTMENT OF AGRICULTURE
KA 'OIHANA MAHI'AI
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TESTIMONY OF SHARON HURD
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE JOINT HOUSE COMMITTEES ON AGRICULTURE AND FOOD
SYSTEMS AND ECONOMIC DEVELOPMENT

FRIDAY, FEBRUARY 10, 2023
9:30 A.M.
CONFERENCE ROOM 325 AND VIDEO CONFERENCING

HOUSE BILL NO. 690
RELATING TO AGRICULTURE

Chair Gates, Chair Holt and Members of the Committees:

Thank you for the opportunity to present testimony on House Bill 690. This bill amends Chapter 141 to establish the Hawaii Agricultural Investment Program and provides a dedicated funding source for the local agricultural sector. Through this program, the Department of Agriculture can invest in agricultural producers to support the State's economy and alleviate financial strains on the local agricultural sector.

The Hawaii Department of Agriculture (HDOA) fully supports this bill with appropriation of funds to farmers, ranchers, growers, producers and other bona fide operations to expand Hawaii's agriculture. Additionally, it will allow the Department to quickly assist farmers and ranchers to recover from any proclamation of natural disasters or emergencies that may impact the local agricultural industry.

The Department respectfully comments that the awarding of grants for the listed items will require discussion as a policy matter and require changes to rules. Two additional staff is requested 1) to manage the procurement process to award grants, to



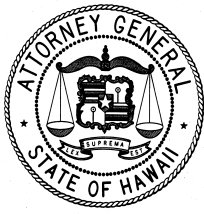
generate and administer contracts and 2) manage the accounting oversight resulting from awarding of grants.

Finally, Article VII, section 4, of the State Constitution provides that "no grant of public money or property shall be made except pursuant to standards provided by law." On page 3, lines 16-21 and page 4, lines 1-2, this measure states the Department shall establish standards for the awarding of grants through this proposed program to include but not limited to eligibility requirements, criteria for determining grant awardees and amounts, and matching requirements. While this language is appropriate, the Department recommends that this bill be amended to insert additional standards, including but not limited to the following:

- (1) Any grant shall be used exclusively for the purposes of this program;
- (2) The applicant shall comply with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, disability, or any other characteristic protected under applicable federal or state law;
- (3) The grant shall not be used for purposes of entertainment or perquisites;
- (4) All activities undertaken with funds received shall comply with all applicable federal, state, and county statutes and ordinances;
- (5) The applicant shall indemnify and save harmless the State of Hawaii and its officers, agents, and employees from and against any and all claims arising out of or resulting from activities carried out or projects undertaken with funds provided hereunder, and procure sufficient insurance to provide this indemnification if requested to do so by the Department; and
- (6) The applicant shall agree to make available to the Department all records the applicant may have relating to the grant, to allow state agencies to monitor the applicant's compliance with this section.

The Department supports the bill and will work to establish the Hawaii agricultural investment program within the Department.

Thank you for your consideration and opportunity to testify on this measure.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-SECOND LEGISLATURE, 2023**

ON THE FOLLOWING MEASURE:
H.B. NO. 690, RELATING TO AGRICULTURE.

BEFORE THE:
HOUSE COMMITTEES ON AGRICULTURE AND FOOD SYSTEMS AND ON
ECONOMIC DEVELOPMENT

DATE: Friday, February 10, 2023 **TIME:** 9:30 a.m.

LOCATION: State Capitol, Room 325

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Jodi K. Yi or Bryan C. Yee, Deputy Attorneys General

Chairs Gates and Holt and Members of the Committees:

The Department of the Attorney General provides the following comments regarding this bill.

This bill would establish within the Department of Agriculture a Hawaii agricultural investment program to provide a dedicated funding source for the local agricultural sector and it would appropriate funds for the program. Among other things, "[m]oneys in the program shall be awarded as matching grants[.]" (Page 2, lines 15-16).

The program would be subject to article VII, section 4, of the Constitution of the State of Hawaii, which provides, "[n]o grant of public money or property shall be made except pursuant to standards provided by law." This bill does not appear to contain sufficient standards for grants of public money. Therefore, we recommend that this bill be amended to insert appropriate standards. Examples of existing statutes that provide standards for agencies to issue grants are found in part II of chapter 9 and sections 10-17, 210D-11, and 383-128, Hawaii Revised Statutes. Additionally, we have attached draft standards to this testimony as a sample to work from and we are happy to work with you on developing more specific standards.

Thank you for the opportunity to present this testimony.

POSSIBLE STANDARDS FOR THE GRANTS IN THIS BILL

- (1) Any grant shall be used exclusively for the purposes of this program.
- (2) The applicant shall indicate capability to properly use the grant to promote agricultural production.
- (3) Every \$3 of a grant awarded through the program and paid from state funds shall be matched by \$1 paid from federal, private, or other sources.
- (4) The applicant shall comply with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, disability, or any other characteristic protected under applicable federal or state law.
- (5) The grant shall not be used for purposes of entertainment or perquisites.
- (6) The applicant shall comply with other requirements as the department may prescribe.
- (7) All activities undertaken with funds received shall comply with all applicable federal, state, and county statutes and ordinances.
- (8) The applicant shall indemnify and save harmless the State of Hawaii and its officers, agents, and employees from and against any and all claims arising out of or resulting from activities carried out or projects undertaken with funds provided hereunder, and procure sufficient insurance to provide this indemnification if requested to do so by the department.
- (9) The applicant shall agree to make available to the department all records the applicant may have relating to the grant, to allow state agencies to monitor the applicant's compliance with this section.



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February 8, 2023

House Committees on Agriculture & Food Systems & Economic Development
Friday February 10, 2023, 9:30 a.m.

SUBJECT: Comments on HB 690– RELATING TO AGRICULTURE

Dear Chair Gates and Holt, Vice-Chairs Kahaloa and Lamosao, and members of the Committees:

On behalf of the North Shore Economic Vitality Partnership (North Shore EVP), I would like to extend support for HB 690, which appropriates funds to establish the Hawai'i agricultural investment program to support local agricultural producers.

Since 2016, North Shore EVP has been working to prepare farmers to fully and equitably participate in Hawaii's commercial and institutional markets by providing food safety training and certification through our USDA GroupGAP program.

In working with farms across the state, we have often found that small amounts of funding can make a huge difference in a farm's ability to comply with food safety requirements, acquire infrastructure needed to expand operations or increase efficiency, and/or market their products to new clients.

Although there is a catch-all purpose for the uses of funds in the Hawaii Agricultural Investment Program, I ask this committee to consider specifically adding the following purpose to this bill:

"The provision of training and technical assistance that improves the efficiency of farm operations, builds business and marketing skills, and promotes compliance with all government rules and regulations."

Thank you for the opportunity to testify on this bill.

Kevin M Kelly
President



Hawaii Cattlemen's Council, Inc.

COMMITTEE ON AGRICULTURE & FOOD
SYSTEMS

Rep. Cedric Asuega Gates, Chair
Rep. Kirstin Kahaloha, Vice Chair

COMMITTEE ON ECONOMIC DEVELOPMENT

Rep. Daniel Holt, Chair
Rep. Rachele F. Lamosao, Vice Chair

HB690
RELATING TO AGRICULTURE

Friday, February 10, 2023, 9:30 AM
Conference Room 325 & Videoconference

Chairs Gates and Holt, Vice Chairs Kahaloha and Lamosao, and Members of the Committees,

The Hawaii Cattlemen's Council (HCC) is the Statewide umbrella organization comprised of the four county level Cattlemen's Associations. Our 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 over 750 thousand acres of land in Hawaii, or 20% of the State's total land mass. We represent the interests of Hawaii's cattle producers.

The Hawaii Cattlemen's Council **supports HB690** which establishes the Hawai'i Agricultural Investment Program to support local agricultural producers. There are many challenges to producing food locally while maintaining a viable business operation. We appreciate this bill that would alleviate economic strains on the sector that farmers and ranchers experience and believe it will help local beef producers by growing capacity within the industry.

We appreciate the opportunity to testify on this measure.

Nicole Galase
Hawaii Cattlemen's Council
Managing Director





Email: communications@ulupono.com

HOUSE COMMITTEES ON AGRICULTURE & FOOD SYSTEMS AND ECONOMIC
DEVELOPMENT

Friday, February 10, 2023 — 9:30 a.m.

Ulupono Initiative strongly supports HB 690, Relating to Agriculture.

Dear Chair Gates, Chair Holt, and Members of the Committees:

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 the 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 choices, and better management of freshwater resources.

Ulupono strongly supports HB 690, which establishes the Hawai'i Agricultural Investment Program to support local agricultural producers.

Ulupono supports the State's efforts to invest in local agriculture. We also recognize the many economic difficulties the State faced in 2021. However, the 2021 State Legislative Session saw the Department of Agriculture (DOA) lose millions of dollars due to the elimination of its Agricultural Development and Food Security Special Fund ("Barrel Tax"), which was the DOA's main source of industry funding. These significant cuts have negatively impacted the DOA's ability to support the agricultural industry with funding and resources at a time when the industry needs them most.

With the economy now looking to recover and diversify, agriculture has presented itself as a leading industry for investment. The State must invest in local farmers and ranchers by funding solutions to address the industry's many challenges. It is important to note that nearly a quarter of U.S. agriculture departments have established grant or cost-share programs to invest in local agriculturalists, demonstrating that these states were responsive to the needs and issues facing local producers by implementing programs to assist with critical needs such as infrastructure, technology, equipment, processing, training, market access and development, and much more.¹

Hawai'i should do the same and continue its commitment to our many important sustainability goals.

Investing in a Sustainable Hawai'i

We believe that the proposed program will help to address Hawai'i agriculture's priority issues. To do this, we ask for the following amendments:

- Amend subsection (b) on page 3 to read as follows:

~~“(b) Moneys in the program shall be awarded as matching grants to:
(1) Increase agricultural production or processing capacity;
(2) Acquire real property for agricultural production or processing activities;
(3) Improve real property, irrigation systems, and transportation networks necessary to promote agricultural production or processing activities;
(4) Purchase equipment necessary for agricultural production or processing activities;
(5) Conduct research on and testing of agricultural products and markets;
(6) Promote and market agricultural products grown or raised in the State;
(7) Convert chicken shell egg farm or business operations from caged to cage-free operations; and
(8) Any other activities intended to increase agricultural production or processing that may lead to the reduced importation of food, fodder, or feed from outside the State.~~

(1) Acquire or improve real property, irrigation systems, and transportation networks to promote agricultural production or processing activities;
(2) Purchase or improve equipment and technology for agricultural production or processing activities;
(3) Promote workforce development and labor solutions for agricultural production and processing;
(4) Conduct research on and testing of agricultural products and markets;
(5) Promote and market agricultural products grown or raised in the State;
(6) Promote food safety training and education to promote agricultural production and market development; and
(7) Any other immediate response activities intended to support agricultural production or processing that will lead to the reduced importation of food, fodder, or feed from outside the State.”

- Add a new section to establish grant standards:

“§ Grants; conditions and qualifications. (a) Applications for grants shall be made to the department and contain such information as the department shall require. At a minimum, the applicant shall show:

- (1) The name of the requesting organization or individual;
- (2) The purpose for the grant;

- (3) The service to be supported by the grant;
- (4) The target group to be benefited;
- (5) The cost of the grant; and
- (6) That the grant shall be used for activities that are consistent with the purposes of this chapter.

(b) Grants shall only be awarded if:

- (1) The applicant agrees to comply with applicable federal, state, and county laws;
- (2) The grant shall not be used for purposes of entertainment or perquisites;
- (3) All activities and improvements undertaken with funds received shall comply with all applicable federal, state, and county statutes and ordinances, including applicable building codes and agency rules; and
- (4) The applicant will indemnify and hold harmless the department, the State of Hawaii, its officers, agents, and employees from and against any and all claims arising out of or resulting from activities carried out or projects undertaken with funds provided hereunder, and procure sufficient insurance to provide this indemnification if requested to do so by the department.

(c) To receive a grant, an applicant shall:

(1) Be:

- (A) A for-profit organization incorporated under the laws of the State;
 - (B) A nonprofit community-based organization determined to be exempt from federal income taxation by the Internal Revenue Service;
 - (C) A cooperative association; or
 - (D) An individual, who in the department's determination, is able to provide the services or activities proposed in the application for a grant;
- (2) Agree to make available to the department all records the applicant may have relating to the operation of the applicant's activity, business, or enterprise, to allow the office to monitor the applicant's compliance with the purpose of this chapter; and

(3) Establish, to the satisfaction of the department, that sufficient funds are available for the effective operation of the activity, business, or enterprise for the purpose for which the grant is awarded.

(d) Every grant shall be:

(1) Monitored by the department to ensure compliance with this chapter and the purposes and intent of the grant; and

(2) Evaluated annually to determine whether the grant attained the intended results in the manner contemplated.”

- Insert “\$3,000,000” into section 3 on page 4. This amount is roughly what the Department of Agriculture used to receive to support agricultural development and food security projects.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

¹ States include Connecticut, Maine, Massachusetts, Michigan, Montana, New York, Oklahoma, Tennessee, Vermont and Virginia.



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February 10, 2023

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

TESTIMONY ON HB 690
RELATING TO AGRICULTURE

Conference Room 325 & Videoconference
9:30 AM

Aloha Chairs Gates and Holt, Vice-Chairs Kahaloa and Lamosao, and Members of the Committees:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau supports HB 690, which establishes the Hawaii Agricultural Investment Program to support local agricultural producers.

Agriculture, like all businesses, requires capital investment. The cost of operating a farm or ranch in Hawai'i can be significant. In many cases, agricultural operations require capital that our local farmers just don't have and many of Hawai'i's farmers and ranchers are finding it difficult to secure the financial support necessary to build capacity. Access to grants can result in increased capacity, new business opportunities, increase employment opportunities, and address Hawai'i's goals of increased self-sufficiency and sustainability.

Farming is a tough business. High production costs are a major driver of narrow profit margins for Hawai'i's farmers. Land, water, labor, taxes, transportation, utilities, inputs, marketing, research, invasive species, and food safety regulations are all costs of doing business that often results in our farmers just being able to break even. HFB supports any initiative that supports agricultural production so that locally produced goods can compete with imported products, strengthening our local economy.

An HDOA Agriculture Investment Program can assist farmers and ranchers to increase capacity to grow and produce import replacement products to fulfill the State's vision for increased self-sufficiency and sustainability. We are concerned with the thirty-three percent matching funds requirement. This may limit program participants to farmers and ranchers that already have access to capital and preclude those that truly need the assistance.

Thank you for the opportunity to comment on this measure.



HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS
and
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
February 10, 2023 – 9:30 a.m. – Conference Room 325 & Via
Videoconference

**HB 690 – RELATING TO AGRICULTURE
SUPPORT**

Aloha Chairs Gates and Holt, Vice Chairs Kahaloa and Lamosao
and Members of the Committees:

The Local Food Coalition **SUPPORTS** HB 690, which establishes
the Hawaii Agricultural Investment program to provide a dedicated
funding source for the local agricultural sector.

The Hawaii Department of Agriculture (HDOA) lost millions in
funding when the Legislature eliminated the Agriculture
Development and Security Special Fund, HDOA's main source of
funding, through Act 87, SLH 2021 when the state was dealing with
the economic impacts of the COVID-19 pandemic.

The pandemic highlighted the need to increase Hawaii's food self-
sufficiency and reduce our reliance on imports. With a robust
surplus, now is the time to reinvest in our local agricultural industry.
This program will support a wide range of agricultural activities that
will help the state reach its goal of doubling local food production.

The Local Food Coalition is an organization comprised of farmers,
ranchers, livestock producers, investors and other organizations
working to provide Hawaii's food supply.

We respectfully request your support of HB 690. Thank you for the
opportunity to submit testimony.

Kendall Matsuyoshi
808-544-8345
kmatsuyoshi@wik.com

Hawai'i Aquaculture &
Aquaponics Association
Hawai'i Cattlemen's Council
Hawai'i Farm Bureau
Federation
Hawai'i Farmers' Union
United
Hawai'i Food Industry
Association
Hawai'i Food
Manufacturers Association
Kohala Center
Land Use Research
Foundation of Hawai'i
Maui Farm to School
Network (Maui F2SN)
Ulupono Initiative
College of Tropical
Agriculture and Human
Resources - University of
Hawai'i at Manoa



Food+ Policy Internship 2023

food@purplemaia.org

February 8, 2023

To: Chair Gates, Vice Chair Kahaloa, and the House Committee on Agriculture & Food Systems as well as Chair Holt, Vice Chair Lamosao and the House Committee on Economic Development

Subject: **HB690**, Relating to Agriculture

Aloha,

Food+ Policy **supports HB690**, which would provide needed investment in infrastructure and development of Hawai'i's agricultural sector, combatting our food import dependence and strengthening local agriculture.

Mahalo,
Kelsey Amos & the Food+ Policy Team
#fixourfoodsystem

The Food+ Policy internship develops student advocates who learn work skills while increasing civic engagement to become emerging leaders. We focus on good food systems policy because we see the importance and potential of the food system in combating climate change and increasing the health, equity, and resiliency of Hawai'i communities.

In 2023, the cohort of interns are undergraduate and graduate students from throughout the UH System. They are a mix of traditional and nontraditional students, including parents and veterans, who have backgrounds in education, farming, public health, nutrition, and Hawaiian culture.

HB-690

Submitted on: 2/8/2023 9:25:36 AM

Testimony for AGR on 2/10/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Caroline Azelski	Individual	Support	Written Testimony Only

Comments:

Support. Thank you.

Email: nmilne@kohalacenter.org

HOUSE COMMITTEES ON AGRICULTURE AND FOOD SYSTEMS AND
ECONOMIC DEVELOPMENT

Friday, February 10, 2023 – 9:30 a.m. – Conference Room 325 & Videoconference

Nicole Milne, personal testimony, in support of HB 690, Relating to Agriculture

Dear Chairs Gates and Holt, Vice Chairs Kahaloa and Lamosao, and Members of the Committees:

Thank you for the opportunity to provide personal testimony in strong support of HB 690, which establishes the Hawai'i agriculture investment program to bolster agricultural production throughout the islands through the establishment of a dedicated funding source for the agricultural sector.

My name is Nicole Milne and I am the Vice President of Food and Agriculture Initiatives at The Kohala Center (TKC) and Member of the Board of Hawai'i Good Food Alliance (HGFA). These entities are non-profit, statewide organizations that are community-based, working to support the development and resilience of economically viable agricultural and food operations *alongside* increased access to local food for Hawai'i residents.

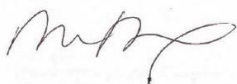
During the pandemic the Hawaii Department of Agriculture (HDOA) lost a significant source of revenue when the Legislature eliminated the Agriculture Development and Security Special Fund, HDOA's main source of funding, through Act 87, SLH 2021.

Access to capital remains a barrier for many food and agricultural entrepreneurs in the islands. The scope of financial products available to farmers and ranchers in Hawai'i is diverse, from microloans available through TKC, Kiva, and USDA Farm Service Agency, to larger loans via Feed the Hunger Fund, Slow Money Hawai'i, Hawaii Department of Agriculture, American Ag Credit, and more. However the demand for *affordable* capital across the sector far outweighs the supply, and oftentimes eligibility requirements significantly narrows the number of capital products truly accessible to producers.

I strongly support the State's efforts to broaden investment pathways available for farmers and ranchers, including those that increase *equitable access to affordable capital*, as this initiative does. HDOA is Hawai'i's lead agency charged with supporting an industry that is critical to the resiliency of our island communities and rural economies. This initiative would shore up future capacity through a matching grant program to facilitate the Department's ability to assist farmers with critical infrastructure such as fencing, irrigation, and soil health and conservation practices. Hawai'i would join with several state agricultural departments across the U.S. that house similar programs, including Minnesota, Massachusetts, Kentucky, and many others. And furthermore, this investment initiative would help unlock federal funding for Hawai'i's producers which is available through various Farm Bill programs already utilized by farmers and ranchers across the state.

I respectfully request your support of HB 690. Thank you for the opportunity to testify.

Sincerely,



Nicole Milne
Vice President, The Kohala Center
Board Director, Hawai'i Good Food Alliance
Personal Testimony

HB-690

Submitted on: 2/8/2023 8:20:47 PM

Testimony for AGR on 2/10/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Indy Rishi Singh	Individual	Support	Remotely Via Zoom

Comments:

I will be commenting on zoom. thank you!!!

HB-690

Submitted on: 2/9/2023 12:24:38 AM

Testimony for AGR on 2/10/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Dana Keawe	Individual	Support	Written Testimony Only

Comments:

support