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> SYLVIA LUKE Lt. Governor



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Chairperson, Board of Agriculture

MORRIS M. ATTA
Deputy to the Chairperson

State of Hawai'i DEPARTMENT OF AGRICULTURE KA 'OIHANA MAHI'AI

1428 South King Street Honolulu, Hawai'i 96814-2512 Phone: (808) 973-9600 FAX: (808) 973-9613

TESTIMONY OF SHARON HURD CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

WEDNESDAY, FEBRUARY 15, 2023 1:30 P.M. CONFERENCE ROOM 224 AND VIDEO CONFERENCING

SENATE BILL NO. 756 RELATING TO ECONOMIC DEVELOPMENT

Chair Gabbard and Members of the Committee:

Thank you for the opportunity to present testimony on Senate Bill 756. This bill establishes the Access to Local Food Act by amending Chapter 328 HRS, to allow cottage food operations to sell cottage food products, under certain conditions, upon receiving a permit from the Department of Health.

The Department of Agriculture appreciates the intent of this measure and provides the following comments. With the escalating cost of living facing many local residents and potential food entrepreneurs, the Department acknowledges there is great interest in small-scale cottage food operations across the state. This measure could help small and startup businesses, particular in rural areas to produce, and deliver innovative cottage foods to markets. Additionally, this effort could elevate the contribution of cottage food operations to the local economy by providing direct sales to consumers, regional food hubs, and farmers' markets. All these activities generate revenues, create jobs, raise tax revenues, and keep the money circulating in Hawaii. Lastly, the Department defers the permitting process to the Department of Health.

Thank you for the opportunity to testify on this measure.



To: Chair Gabbard, Vice-Chair Richards, and the Senate Committee on Agriculture and Environment

Subject: SB756 Relating to Economic Development; Access to Local Food Act

Hawaii Food+ Policy strongly **supports SB756**, which would establish the Access to Local Food Act to allow cottage food operations to sell cottage food products, under certain conditions, upon receiving a permit from the Departments of Health.

This would strengthen Hawaii's economy. By developing a cottage food industry in Hawaii, you would allow Hawaii residents an opportunity to develop a new avenue for Hawaii goods and homemade food products. As Hawaii has evolved into a cultural melting pot, we have developed a host of flavor blends that are uniquely found in the islands. Allowing a Cottage Foods industry to develop you would create an additional revenue source for families and individuals, helping to supplement the high cost of living residents of Hawaii endure.

A secondary outcome of establishing a Cottage Food industry would be the strengthening of Hawaii's food industry and food self-sufficiency, and decreasing the dependence on imported goods. Through promoting Homemade products, and increasing the ease and incentives for residents to partake in the industry, residents are more likely to invest in production equipment that would increase Hawaii's food production abilities and infrastructure, providing for more facilities to process agriculture products into secondary edible products in case of interruption of the transport of imported goods.

In order for Hawai'i to become more resilient and self-sustaining, we must begin to create a stronger food secure infrastructure. By developing a cottage food industry for Hawaii, you strengthen Hawaii's economy and food security, sustainability, and sovereignty. We support local, we support SB756.

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.



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Aloha Chair Gabbard, Vice Chair Richards, and Members of the Senate Agriculture and Environment Committee.

The Hawaii Farmers Union United (HFUU) is a 501(c)(5) agricultural advocacy nonprofit representing a network of over 2,500 family farmers and their supporters across the Hawaiian Islands. **HFUU supports SB756.**

This bill allows cottage food operations to sell cottage food products, under certain conditions and with a permit from the Department of Health. We believe that this bill would have a positive economic impact on small farmers and local food producers.

Short of a long-term federal agricultural policy, this bill could provide an opportunity for small-scale producers to increase local food production to assure that the islands continue to meet the needs of its citizens. This would also enable local and regional food producers to access local markets. In addition, this bill presents local food producers an opportunity to diversify their offerings, ultimately diversifying their sources of income. In so doing, SB756 provides an opportunity for small-scale farmers to achieve greater financial success and independence, leading to a stronger Hawaii economy.

Mahalo for the opportunity to testify.

Kenned S. K. Kebine

Kaipo Kekona, President HFUU/HFUF

Submitted on: 2/13/2023 10:31:43 AM

Testimony for AEN on 2/15/2023 1:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Anthony Florig	Testifying for Big Island Box	Support	Written Testimony Only

Comments:

Aloha,

I am writing in support of SB756. I operate a Hawai'i value-added products gift box company, Big Island Box (www.bigislandbox.com). In addition, I work for Ho'ola Farms, who operated the Hilo Food Hub commercial kitchen, and the Hawai'i Farm-to-Car market. I am also a certified Master Food Preserver under Hawai'i Master Food Preservers.

I beleive the level of regualtion is often prohibitive for small producers to start their agribusiness operations. This bill captures the spirit of the law, which is to protect food safety for the consumer, while still allowing those producers who are food-safe to start their local food businesses.

This is incredibly important for the community, as it not only helps address food insecurity issues, but also helps to grow and foster a community of entrepreneurs which in turn creates a robuse and resilient Hawai'i.

Mahalo for your consideration.

Submitted on: 2/13/2023 3:43:36 PM

Testimony for AEN on 2/15/2023 1:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Jane Tai	Testifying for Hawaii Master Food Preservers	Support	Written Testimony Only

Comments:

We would like your support for SB756 "Relating to Economic Development; Access to Local Food Act; and Cottage Food Operations". As is indicated in the measure's description, the bill "Establishes the Access to Local Food Act to allow cottage food operations to sell cottage food products, under certain conditions, upon receiving a permit from the Department of Health."

Hawaii Master Food Preservers (HMFP) teaches the science, the techniques and art of preserving our locally grown foods. This bill is critical in moving forward the Cottage Food industry on our islands to create agricultural and economic sustainability. By ensuring we have safe shelf stable unique Hawaii products, we capture a market no one has been able to do before. The current cottage food industry regulations were established nearly 15 years ago and one of the key restrictions the bill addresses is the ability to only sell locally grown value-added product "direct to consumers." At that time, the regulation, established as a precaution to food liability was appropriate. Farmers markets and roadside stands were prevalent on our islands and much sought after by residents and visitors alike.

Since then, with the widespread usage of the worldwide-internet to conduct mail orders, online shopping has become a norm rather than an oddity. Farmers markets and roadside stands have been slowly disappearing for cottage food operators since it requires physical presence which takes away time from production, time from growing their produce and an added expense of site fees. Additionally, in these recent challenging times with COVID-19 and Omicron viruses, direct face-to-face sales have plummeted and the cottage food industry has suffered.

As HMFP, we understand fully the responsibility to ensure value-added products sold to consumers must be food safe and shelf stable. There is no compromise here. Cottage food operators now have access to tools (pH tests and meters, water activity meters, Brix refractometers for sugar or salinity content, etc.) that can assist in ensuring food safety. We use all of these tools in our HMFP Certification classes. Graduates of our program are poised to take the next step - market their unique quality locally grown, "made in Hawaii" products however they are stymied by the current provisions in the cottage food industry regulations.

SB756 will open up revenue and tax avenues - allow remote sales, build our economy and still keep our communities safe. HMFP is the only institution of its type on our islands as we work with, teach and preserve ONLY locally grown - tropical produce which cannot be found anywhere on the US mainland. One of our missions is to "grow local, produce local, buy local and sell local". This affects diversified sectors of our communities and its impact is exponential.

Thank you.

Jane Tai, Vice President, Hawaii Master Food Preservers, Inc.



Testimony in Support of Senate Bill 756

Meagan Forbes Institute for Justice

February 14, 2023

Dear Chair Gabbard and Members of the Senate Committee on Agriculture and Environment:

Thank you for the opportunity to submit written testimony in support of Senate Bill 756. I am an attorney at the Institute for Justice. We are a nonprofit organization that has helped cottage food producers across the country reform restrictive laws that prevent them from earning a living. We support this bill because it will expand economic opportunity while increasing access to local food.

Cottage food businesses are a way for people with big dreams but little capital to start small in their own homes without having to spend thousands of dollars on professional equipment and commercial kitchen space. Nearly every state across the country recognizes these businesses as job creators and revenue generators, but Hawaii's regulatory approach is pushing this business model out of reach for many in the state.

At the Institute for Justice, we have studied the effects of cottage food businesses on local economies and communities and researched food safety. We have consulted experts, reviewed CDC data, and followed up with health departments in states that have expanded their cottage food laws in ways that are similar to the approach this bill takes. Our research confirms that cottage food is inherently safe for producers and consumers and that cottage food businesses help bolster local economies and stimulate economic growth in their communities.¹

This bill brings much needed reform for the state's cottage food producers. Unlike the majority of states that have cottage food laws, Hawaii's current regulatory framework has been set by rule, and these rules are quite restrictive compared to the laws in other states. This bill strikes the right balance between expanding economic opportunity for cottage food producers and protecting food safety. It ensures cottage food producers receive food safety training specific to the types of food they sell and broadens the varieties of food that can be sold and where producers can sell them. Lastly, it ensures that consumers have the information they need to make informed decisions about whether to purchase and consume cottage food.

Six states—Iowa, Montana, North Dakota, Oklahoma, Utah, and Wyoming—have enacted similar laws to support the local production of homemade food and to give

¹ Jeffrey K. O'Hara, Marcelo Castillo, Da wn Thilmany McFadden, Do Cottage Food Laws Reduce Barriers to Entry for Food Manufacturers?, Applied Economic Perspectives and Policy (2020), volume 00, number 00, pp. 1-17, https://foodsystems.colostate.edu/wp-content/uploads/2020/07/aepp.13047.pdf.



INSTITUTE FOR JUSTICE

cottage food producers and consumers the greatest ability to sell and buy the homemade food of their choice. In Wyoming, the state has broadly allowed a wide variety of cottage food sales for several years, and to date there have been no reported outbreaks of foodborne illness related to cottage food in the state.² Wyoming's law has received national recognition for safely increasing access to local food and opportunity.³

In conclusion, this bill pragmatically expands opportunities for cottage food producers and consumers without compromising food safety. We encourage the committee to support these important reforms.

Sincerely,

Meagan Forbes
Senior Legislative Counsel
Institute for Justice
Email: mforbes@ij.org

² There have also been no reported outbreaks of foodborne illness in Utah and North Dakota.

³CBS This Morning, State law makes locally-sourced food more accessible than ever for Wyoming residents, Aug. 15, 2020, https://voutu.be/iOn18iuv2XE.



Feb. 15, 2023 1:30 p.m. VIA VIDEOCONFERENCE Conference Room 224

To: Senate Committee on Agriculture and Environment Senator Mike Gabbard, Chair Senator Herbert M. "Tim" Richards III, Vice Chair

From: Grassroot Institute of Hawaii

Jonathan Helton, Policy Researcher

RE: SB756 — RELATING TO ECONOMIC DEVELOPMENT

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on <u>SB756</u>, which would allow cottage food operations to sell cottage food with a permit from the state Department of Health.

We commend the Legislature for examining ways to reduce unnecessary regulation and provide new opportunities for local businesses. Expanding access to cottage food is a smart, relevant way to help small businesses and local food producers.

In the past several years, Hawaii lawmakers, farmers and the general public have taken an increased interest in local agriculture and food production. Many express the desire to make Hawaii more self-reliant and sustainable.

The state Department of Agriculture and various other state agencies have invested significant resources in Hawaii's food-production capabilities. This bill augments those efforts by reducing red tape on selling locally produced food.

By focusing on smart regulation, SB756 could help decrease the cost of operating a cottage food establishment.

In addition, providing new opportunities for Hawaii's residents to become entrepreneurs is exactly what we recommended in our "Road map to prosperity" report, issued in May 2020. Its suggestions are just as relevant today as Hawaii continues to recover and deals with rampant inflation as well.

In that report, we focused on strategies to rebuild the state's economy following the COVID-19 pandemic and lockdowns.

We emphasized the importance of implementing regulatory reforms that would help local businesses innovate, explore different products and services and reach new customers.

One of the recommendations offered was that the Legislature "remove county zoning and licensing restrictions on home-based businesses and state restrictions on cottage foods."

It said, "The simplest approach would be to enact statewide legislation that protects home-based businesses that are compatible with residential use, secondary to residential use, and do not adversely impact the community."

This measure would further that goal and provide Hawaii families with new potential income streams that would contribute to the local economy and a more sustainable, diversified future.

Thank you for the opportunity to testify.

Jonathan Helton
Policy Researcher
Grassroot Institute of Hawaii

My Dear Hawaii State Senates, I hope this testimony finds all of you will. I'm writing today about the S.B. NO. 756 the "Cottage Food Operations" Bill. I can remember my Grandmother and Mother making canning jellies and pickles along with other fruits and vegetables for sell and storage over seventy -years ago, and I member helping my grandfather picking fruit and vegetables during my younger years. I was so very happy to help, and it was one of the most favorite times helping family. I to have followed this tradition as much as I could being into Military and all. My wife and kids would look after the small garden we keep in a planter box in the backyard. When would return home after a deployment or training exercise, I would teach my children what my grandparents tough me. Harvesting and canning what the Lord has provided. This preservation was just for us and not for sale. But, I know that the Laws are different in the places I was stationed and that permits were needed, but this would have been to mush for my wife to handle alone. So, we waited.

Over the past fifty-years my wife and I has continued to canning and put away jars of food for our home and would give some away the Church members and friends. But, in 1994 after I left the Military opened a business "Puna BBQ Pit". And we catered parties and special events, this was a very small business because I and my wife were still working between 2000 and 2021, we lost the kitchen and the business. In 2022 after the pandemic, I opened again as "Puna BBQ Pit" but with a different product. I started to make Chill Pepper water and jellies and now have item I will be putting out at the end of the year. I also have "Puna Tropical Treats" and the Pepper water and jellies. I have been working with my new cold kitchen and the health department very step of the way for the past year. Both have been very helpful to me and as help my very small new business grow.

I have read and I'm in favor of passing this bill. There are some small family kitchens right now that produce canned, jarred, and packed food that not safe for the public. But there are many more that do follow food safety in their kitchens and need a chance for be able to sell to the public and make extra money during these very difficult times. Helping home kitchens operator in a safe manure will help the States economy and clearly keep the public healthy and stop "back room home kitchen" from hurting anyone.

Thank you for your time Please pass this bill.

Paul A. Wheeless Owner/ Operator

Puna BBQ Pit/ Puna Tropical Treats

808-209-7081



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 15, 2023

HEARING BEFORE THE SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

TESTIMONY ON SB 756 RELATING TO ECONOMIC DEVELOPMENT

Conference Room 224 & Videoconference 1:00 PM

Aloha Chair Gabbard, Vice-Chair Richard, and Members of the Committee:

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 SB 756, which establishes the Access to Local Food Act to allow cottage food operations to sell cottage food products, under certain conditions, upon receiving a permit from the Department of Health.

As expenses rise, increases in farm revenues and profits are critical to the continued viability of farms and ranches. One way farmers can do this is by "adding value" to raw agricultural crops. Currently, off-grade and excess production is sometimes wasted due to market conditions. Converting them into value-added products will not only increase farm revenue but also provide new business opportunities, increase employment opportunities, and address Hawai'i's goals of increased self-sufficiency and sustainability.

The Access to Local Food Act can provide benefits to our local agricultural sector by encouraging farmers to diversify their farming operations to incorporate value-added products as another avenue for revenue as well as increase sales of locally grown products to Cottage Food businesses. Communities will also benefit from greater access to locally produced foods.

We are concerned that potentially hazardous cottage food products are included as part of the Access to Local Food Act. We support non-potentially hazardous cottage food products as part of the Local Food Acts and defer to the Department of Health regarding potentially hazardous cottage food products.

Thank you for the opportunity to testify on this important subject.

<u>SB-756</u> Submitted on: 2/11/2023 10:20:43 AM Testimony for AEN on 2/15/2023 1:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Regina Gregory	Individual	Support	Written Testimony Only

Comments:

support

<u>SB-756</u> Submitted on: 2/12/2023 11:47:30 AM Testimony for AEN on 2/15/2023 1:30:00 PM

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

Comments:

Support. Thank you.

<u>SB-756</u> Submitted on: 2/12/2023 1:45:43 PM

Testimony for AEN on 2/15/2023 1:30:00 PM

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

Comments:

support

Submitted on: 2/13/2023 10:04:08 AM

Testimony for AEN on 2/15/2023 1:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Ken Love	Individual	Support	Written Testimony Only

Comments:

There are innumerable advantages to supporting SB756. Cottage industries have been in Hawaii for many years but this bill gives them the ability to thrive and utilize locally grown produce to develop products forsale at a much larger market than before. With proper training through the programs available, product safety is assured. Currently many value added products are held back by antiquated regulations. This bill is a giant step forward in bringing Hawaii's small farmers and producers to a pint where our products can be exported and markets for them developed both nationally and internationally. We can move forward with your support of SB756

Submitted on: 2/13/2023 12:02:35 PM

Testimony for AEN on 2/15/2023 1:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Tara Waller	Individual	Support	Written Testimony Only

Comments:

Aloha,

I am writing in support of SB756. I work for Ho'ola Farms, and we operate the Hilo Food Hub commercial kitchen, and the Hawai'i Farm-to-Car market.

I believe the level of regulation is often prohibitive for small producers to start their agribusiness operations. This bill captures the spirit of the law, which is to protect food safety for the consumer, while still allowing those producers who are food-safe to start their local food businesses.

This is incredibly important for the community, as it not only helps address food insecurity issues, but also helps to grow and foster a community of entrepreneurs which in turn creates a robust and resilient Hawai'i.

Mahalo for your consideration.

Submitted on: 2/13/2023 12:17:42 PM

Testimony for AEN on 2/15/2023 1:30:00 PM

Submitted By	Organization	Testifier Position	Testify
David Norris	Individual	Support	Written Testimony Only

Comments:

As a small business owner in the agricultural industry this would allow me to expand my small business to areas I have been restricted from or do not have the ability to legally engage in.

Dear Committee Chairs,

I specialize in homemade jams made from our local fruits that I and other farmers here on the Big Island grow. I am glad that I currently can cook jam at home. However, for me to grow my business and make a decent living (I am struggling to get by right now) I need to sell online and wholesale to local stores like the coffee shop down the street. I am prohibited on doing that with the current guidelines for cottage industry. Likewise, I am only allowed to do Jams and I would like to expand into BBQ sauces, Salsa and relishes. I am currently working on getting my application approved to use a commercial kitchen from the Health Dept. This approval process is lengthy, costing me an initial \$1500.- for lab testing and an additional \$617./ a month for time testing for only 8 of my 30 flavors. Then I will be required to use a commercial kitchen that can cost between \$20-\$50. an hour depending on location and availability. Then I would only be allowed to make the 8 flavors I had tested. I would love to be able to hire someone and grow my business, however these costs will be prohibitive and price my product out of the market.

Food safety is a top priority for people in the cottage food industry. If someone got sick form my product, I would feel terrible, and it would also ruin my business. I have taken a the Hawaii Master Food Preservers (HMFP) course that teaches the science and art of preserving locally grown foods and I have a certificate from them. I have my Hawaii State Food Handlers license. I am glad that this bill addresses concerns for food safety and helps to create a path for people who make food products from home that are safe.

Thank you for your consideration and helping small business owners. Sincerely,
Rourk Reagan
Wai'ōhinu, HI

Submitted on: 2/13/2023 8:52:46 PM

Testimony for AEN on 2/15/2023 1:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Kilia Purdy-Avelino	Individual	Support	Written Testimony Only

Comments:

I am a 4th generation homesteader from Molokai and co-owner of a newly started small family farm business. Being from Molokai, we do not have many options for certified kitchens. Further, having to rent is an added expense for small businesses. Our family explored creating our own certified kitchen on our homestead; the cost of having to get a septic tank installed stopped us from moving forward. The law of having to have septic tanks on our homesteads that have been using cesspools all these years with no problems should be government-funded first of all. Laws and policies make things harder for our local family-owned, small businesses to get ahead. This bill will actually support our small family-owned businesses, especially on Molokai, where most of our economics are dependent upon our small locally-owned businesses. Please consider moving this bill forward. Mahalo nui loa!

Submitted on: 2/14/2023 5:14:01 AM

Testimony for AEN on 2/15/2023 1:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Amy Bailey	Individual	Support	Written Testimony Only

Comments:

As a mother, entrepreneur and sustainability advocate, I support SB756. Utilizing "ugly produce" reduces waste in our landfills while aiding in creation of nutritious alternatives to canned fruits and vegetables. For the sake of our Mother Earth, children and community I support SB756. Thank you for your consideration, Amy Bailey

Submitted on: 2/14/2023 7:35:54 AM

Testimony for AEN on 2/15/2023 1:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Peggy Hankin	Individual	Support	Written Testimony Only

Comments:

As a recent graduate of the Master Food Preservers program I completely agree with this measure and hope that the government will assist in it's passing. Food safety is our primary goal and is paramount in our learning and class studies. There is no reason to not allow this measure to pass as written and I hope you agree. Thank you for your consideration. Peggy Hankin

<u>SB-756</u> Submitted on: 2/15/2023 9:54:55 AM

Testimony for AEN on 2/15/2023 1:30:00 PM

Submitted By	Organization	Testifier Position	Testify
Laila Kaupu	Individual	Support	Written Testimony Only

Comments:

Rural communities are the ones to best feed our people. Keep it local, and support local. This is one way to do so!