

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



SHARON HURD
Chairperson, Board of Agriculture

DEXTER KISHIDA
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 THE ENVIRONMENT
and ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

WEDNESDAY, FEBRUARY 14, 2024
1:46 PM
CONFERENCE ROOM 224

SENATE BILL NO. 2428
RELATING TO AGRICULTURE

Chairs Gabbard and DeCoite, Vice Chairs Richards and Wakai, and Members of the Committees:

Thank you for the opportunity to testify on Senate Bill 2428. This bill establishes the Hawai'i Agricultural Investment Program within the Agribusiness Development Corporation to support local agricultural producers. The Department of Agriculture (HDOA) supports the intent of this bill and provides comments.

The scope stated in Section 2(b) may better fit HDOA, as the department currently manages grant making programs including Grants-In-Aid to the agriculture sector. We suggest the following revisions:

SECTION 1. The legislature finds that local agriculture is essential to Hawaii. Eighty-five per cent of all food consumed in the State is imported, leaving Hawaii vulnerable to natural disasters and supply chain



disruptions. Increasing the amount of food produced locally is key to reducing the need for imported foods.

The legislature further finds that, if left dependent on imports, Hawaii residents will experience greater volatility in the price and availability of food because of the impact of climate change on national and global food production. It can no longer be assumed that there will always be an unlimited supply of affordable food from outside the State to feed Hawaii's population.

The legislature also recognizes, however, that high costs in the State limit the competitiveness of local agriculture and have undermined efforts to expand local food production. Direct support for local agricultural producers can help overcome the high costs faced by Hawaii's agricultural sector.

Accordingly, the purpose of this Act is to establish the Hawaii agricultural investment program to provide a dedicated funding source for the local agricultural sector. Through the 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.

SECTION 2. Chapter 141, Hawaii Revised Statutes, is amended by adding two new sections to part I to be appropriately designated and to read as follows:

"§141- Hawaii agricultural investment program. (a) There is established within the department

of agriculture the Hawaii agricultural investment program.

(b) Moneys in the program shall be awarded as matching grants to:

(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.

(c) The department of agriculture shall submit a report to the legislature no later than twenty days prior to the convening of each regular session on the status and progress of existing programs and activities and the status of new programs and activities funded under the Hawaii agricultural investment program. The report shall also include:

(1) An accounting of all moneys expended by the Hawaii agricultural investment program;

(2) Descriptions of the markets targeted for expenditures, including the reasons for selecting those markets;

- (3) A discussion of the persons who will be served by the expenditures; and
- (4) The specific objectives of the expenditures, including measurable outcomes.

§141- 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 application shall include:

- (1) The name of the requesting organization or individual;
- (2) The purpose of 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) A guaranty that the grant will 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 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."

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$3,000,000 or so much thereof as may be necessary for fiscal year 2023-

2024 and the same sum or so much thereof as may be necessary for fiscal year 2024-2025 for the department of agriculture to establish the Hawaii agricultural investment program to support local agricultural producers; provided that no funds shall be made available under this Act unless the department of agriculture obtains twenty-five per cent matching funds from federal, private, or other sources.

The sums appropriated shall be expended by the department of agriculture for the purposes of this Act.

SECTION 4. The appropriations made in section 3 of this Act shall not lapse at the end of the fiscal years for which the appropriations were made; provided that all moneys from the appropriations unencumbered as of June 30, 2026, shall lapse as of that date.

SECTION 5. New statutory material is underscored.
Thank you for the opportunity to testify on this measure.

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



WENDY L. GADY
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
235 S. Beretania Street, Suite 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

**TESTIMONY OF WENDY L. GADY
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION**

BEFORE THE

**SENATE COMMITTEES ON AGRICULTURE AND ENVIRONMENT
& ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM**

Wednesday, February 14, 2024
1:46 p.m.

Conference Room 224 & Videoconference

**SENATE BILL NO. 2428
RELATING TO AGRICULTURE**

Chairpersons Gabbard and DeCoite, Vice Chairs Richards and Wakai,
and Members of the joint Committees:

Thank you for the opportunity to testify in support of Senate Bill No. 2428,
which establishes the Hawai'i Agricultural Investment Program within the
Agribusiness Development Corporation (ADC) to support local agricultural
producers, requires annual reports, and appropriates funds for program and
positions.

ADC supports the establishment of a Hawai'i Agricultural Investment
Program because of the potential for long-term returns that will benefit the
agriculture industry. Establishing an investment program to support local

agricultural producers will provide significant capital to expand and strengthen local and regional food systems and increase the availability of locally grown and raised agricultural products.

We support this bill provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget. Thank you for your consideration of our testimony.



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 14, 2024

HEARING BEFORE THE
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

TESTIMONY ON SB 2428
RELATING TO AGRICULTURE

Conference Room 224 & Videoconference
1:46 PM

Aloha Chairs Gabbard and DeCoite, Vice-Chairs Ricahrds and Wakai, 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 SB 2428, which establishes the Hawaii Agricultural Investment Program within the Agribusiness Development Corporation 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, increased 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 result 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 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 twenty-five percent matching funds requirement. This may limit program participants to farmers and ranchers who already have access to capital and preclude those who truly need the assistance.

Thank you for the opportunity to comment on this measure.



Email: communications@ulupono.com

SENATE COMMITTEES ON AGRICULTURE & ENVIRONMENT AND ENERGY, ECONOMIC
DEVELOPMENT & TOURISM

Thursday, February 14, 2024 — 1:46 p.m.

Ulupono Initiative supports SB 2428, Relating to Agriculture, and offers comments.

Dear Chair Gabbard, Chair DeCoite, 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, clean transportation choices, and better management of freshwater resources.

Ulupono supports SB 2428 and offers comments. This bill establishes the Hawai'i Agricultural Investment Program within the Agribusiness Development Corporation (ADC) to support local agricultural producers.

This program seeks to invest in local farmers and ranchers by funding solutions to address the industry's most pressing challenges. It is important to note that nearly a quarter of state agriculture departments across the country have established grant or cost-share programs to invest in local agriculturalists, demonstrating that these states recognize and 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 We applaud Hawai'i legislators' interest in doing the same and continue our state's commitment to our many important sustainability goals.

Ulupono supports the State's efforts to invest in local agriculture. We also acknowledge 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, which were the DOA's main source of industry funding.

Based on the familiarity of such a funding mechanism and the vast reach of the DOA with industry organizations and producers, we believe that this program may be better suited for success if established within the DOA instead of the ADC. By establishing this

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

Investing in a Sustainable Hawai'i



investment program dedicated to the development of a viable local agricultural industry and providing state funding, Hawai'i is making a commitment to our local farmers and ranchers that they will play a significant role in diversifying our economy.

We believe that the proposed program will help to address Hawai'i agriculture's priority issues. To do this, we recommend an appropriation of at least \$3,000,000 per fiscal year in Section 4 of the bill. We also do not believe that section 5 of this bill is necessary in order to administer the program. Current resources within the DOA should be able to accommodate the program's management and success.

It is important to note that this measure requires robust reporting to the Legislature on each program expenditure. By making the program general funded, there is a collaborative future between departmental program expenditures and legislative accountability. We look forward to seeing this collaboration support a successful agricultural industry here in Hawai'i.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs



1050 Bishop St. PMB 235 | Honolulu, HI 96813
P: 808-533-1292 | e: info@hawaiiifood.com

Executive Officers

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Derek Kurisu, KTA Superstores, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, *Advisor*
Eddie Asato, Pint Size Hawaii, *Immediate Past Chair*

TO: Committee on Agriculture and Environment and Committee on Energy, Economic Development and Tourism

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 14, 2024
TIME: 1:46pm
PLACE: Room 224

RE: SB2428 Relating to Agriculture

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, manufacturers and distributors of food and beverage related products in the State of Hawaii.

Chairs, Vice Chairs, and Members of the Committee,

HFIA is in support of this measure. Increasing local food production makes our state more sustainable, more resilient, and more economically diverse. Our local farmers and ranchers face a range of unique challenges. The high cost of land and high interest rates, high labor costs, high costs of fuel and power all make local food more expensive. Creating a Hawaii Agricultural Investment Program can help mitigate some of the financial obstacles to increasing local food production.

We encourage the Committees to pass this measure and we thank you for the opportunity to testify.



Food+ Policy Internship 2024

food@purplemaia.org

February 12, 2024

Subject: Testimony in Support of SB 2428 Relating to Agriculture

Aloha Chairs Gabbard and DeCoite, Vice Chairs Richards and Wakai, and Members of the Agriculture and Environment Committee and the Energy, Economic Development, and Tourism Committee,

Hawaii Food+ Policy appreciates the opportunity to testify in strong support of SB2428 to create the Hawaii agricultural investment program, supporting local producers and the State's economy through matching grants.

Agricultural sales in Hawai'i have been in decline since 1982 and Hawai'i farmers face input costs that are 40% higher than other US regions (UHERO 2021). However, with a high percentage (32%) of beginning farmers in the state (USDA-NASS 2017), SB2428 provides an opportunity to invest in the competitiveness of local agriculture as a growing industry. Direct support for local agricultural producers through the Hawaii agricultural investment program's matching grants will capitalize on funding provided by other sources to boost agricultural sales and expand job opportunities.

The creation of an agricultural investment program will support the State's economy and alleviate financial strains on local producers. Please pass SB2428 favorably out of committee.

Mahalo,
Hawaii Food+ Policy Team

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 2024, the cohort of interns are undergrads 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.