

ACT 98

H.B. NO. 1530

A Bill for an Act Relating to Agricultural Product Promotion and Market Development.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Agriculture has long been and continues to be one of Hawaii's most important industries. Only two other industries, the visitor industry and defense-related federal spending, generate more revenues than agriculture. While sugar and pineapple have long been the pillars of Hawaiian agriculture, recent decades and years have seen the spectacular development of diversified agriculture. Generally, diversified agriculture includes all agricultural production other than sugar and pineapple. According to data reported in "Statistics of Hawaiian Agriculture 1979", cash receipts for diversified agriculture in 1979 reached a record new high of \$152,000,000.

Many local farmers and ranchers and others in the public sector bearing statutory responsibility for the support and development of agriculture continue to voice the belief that the future of Hawaiian agriculture generally and diversified agriculture in particular will be largely determined by the quality of market development and product promotion programs.

The importance of market development and product promotion has been recognized by the legislature as well. During the 1978 regular session, the legislature adopted House Concurrent Resolution (HCR) No. 107, H.D. 2. The HCR called attention to the need for greater efficiency and effectiveness in agricultural market development and product promotion and requested the governor's agriculture coordinating committee (GACC) to establish policy guidelines in these areas. In response to this legislative request, the GACC submitted a twenty-six page report which contains a number of significant findings. One of the findings was that there is duplication of responsibility arising from the provisions of statutory law and administrative rules and regulations. In this regard, the following were noted: (1) the department of planning and economic development (DPED) conducts surveys and feasibility studies; investigates market demand, sales goals, and industry production and capital requirements; and plans for the implementation of development programs; (2) the college of tropical agriculture and human resources (CTAHR), University of Hawaii, directs the development of a complete industry analysis, commodity by commodity; (3) the DPED and CTAHR both work with associations of agricultural producers; and (4) there is duplication in the assignment of functional activity of industry promotion under the provisions of the Hawaii Revised Statutes.

The "State Agriculture Plan and Technical Reference Document October 1980", a state functional plan, submitted by the department of agriculture pursuant to the requirements of chapter 226, Hawaii Revised Statutes, also addresses the subject of product promotion and market development. Among the pertinent recommendations found in the plan are the two following: (1) designates the governor's agriculture coordinating committee to serve as the implementing organization in adopting criteria for selecting agricultural industry problems for state resource allocation; and (2) base resource allocation in support of agricultural production and marketing on the problems and priorities determined by the industry analysis currently being performed and designate the governor's agriculture coordinating committee as the implementing organization.

The legislature finds that the duplication found to be existing in product promotion and market development is detrimental to the goals for agricultural development. The legislature further concurs with the recommendations that the governor's agriculture coordinating committee be given expanded authority and responsibility in product promotion and market development.

The purpose of this Act is to eliminate such duplication as now exists and to otherwise increase the efficiency and effectiveness of resource allocation as it relates to agricultural product promotion and market development.

SECTION 2. Section 26-18, Hawaii Revised Statutes, is amended to read as follows:

**"§26-18 Department of planning and economic development.** The department of planning and economic development shall be headed by a single executive to

be known as the director of planning and economic development.

The department shall encourage the promotion of the products of agriculture and the development and promotion of industry and tourism, through the gathering and dissemination of information of use to enterprisers, the offering of expert consultative services, the planning of fairs, the administering of business credit programs, and other programs established by law. With respect to the promotion of agricultural products, the department's activities shall be consistent with the policies, programs, and activities of the governor's agriculture coordinating committee.

There shall be within the department of planning the economic development a commission to be known as the board of planning and economic development which shall sit in an advisory capacity to the director of planning and economic development on matters within the jurisdiction of the department of planning and economic development. The board shall consist of nine members, one from each senatorial district and three at large.

The functions and authority heretofore exercised by the economic planning and coordination authority (except the research function transferred to the department of planning and research), the planning office with respect to tourism development as described in section 201-27, and the fair commission of Hawaii with respect to the planning of fairs are transferred to the department of planning and economic development established by this chapter.

The land use commission is placed in the department of planning and economic development for administrative purposes. The functions, duties, and powers, subject to the administrative control of the director of planning and economic development, and the composition of the commission shall be as heretofore provided by law.

The department of planning and economic development shall be empowered to establish, modify, or abolish statistical boundaries for cities, towns, or villages in the State. The department shall publish annually an up-to-date list of cities, towns, and villages for which statistical boundaries have been set."

SECTION 3. Section 164-2, Hawaii Revised Statutes, is amended to read as follows:

**"§164-2 Powers and duties.** The governor's agriculture coordinating committee shall:

- (1) Prepare and propose to the governor a state agriculture policy which, upon approval of the governor, shall serve as a guide for agricultural development in the State. The policy shall include but not be limited to a statement of objectives in the following areas: (A) commercial production, (B) processing, (C) distribution, (D) transportation, (E) marketing, (F) agricultural land and water use, (G) agricultural growth, diversification, and self-sufficiency, (H) agricultural pollution, and (I) agricultural research;
- (2) Coordinate and monitor all state agencies in their duties and responsibilities with respect to agriculture or agriculture-related projects or programs with a view to effect agricultural development in this State as set forth in the state agriculture policy;
- (3) Coordinate all state agricultural activities as they relate to the federal

and county governments, public and private organizations, and commercial enterprises;

- (4) Coordinate and review (A) the preparation of agriculture and agriculture-related programs and projects proposed by all state agencies for submittal to the governor, (B) the preparation and submission of all departmental budgets as they relate to agriculture, (C) the activities of all departments to ensure timely and efficient implementation of all authorized agriculture and agriculture-related programs;
- (5) Assist the governor in developing programs, projects, and plans to promote optimal development of agriculture, including criteria to measure program effectiveness;
- (6) Conduct systematic analysis of all existing and proposed agriculture and agriculture-related programs, including evaluation of program analysis conducted by state agencies relating to agriculture;
- (7) Recommend to the governor programs including agricultural product promotion and agricultural development which represent the most effective allocation of resources for optimal development of agriculture;
- (8) As the governor may determine, serve as members of all bodies established by the governor to consider allocation of state funds for agriculture or agriculture-related purposes;
- (9) Contract for services when required for implementation of this chapter; and
- (10) Perform such other services as may be required by the governor and the legislature."

SECTION 4. Section 153-2, Hawaii Revised Statutes, is amended to read as follows:

**"§153-2 Hawaii agricultural products program.** There is hereby established the Hawaii agricultural products program to be administered by the board of agriculture. The program shall be consistent with the policies, programs, and activities relating to agricultural product promotion and market development established by the governor's agriculture coordinating committee."

SECTION 5. Section 201-3, Hawaii Revised Statutes, is amended to read as follows:

**"§201-3 Specific research and promotional functions of the department.** Without prejudice to its general functions and duties the department of planning and economic development shall have specific functions in the following areas:

- (1) Agricultural development. The department shall (i) conduct surveys and feasibility studies to determine the need for and value of additional research in the production of agricultural commodities, and the processing and marketing of agricultural food products; (ii) promote an informational program directed to the consuming public both in Hawaii and in the mainland United States relative to the qualities of agricultural commodities produced in Hawaii and in the maximum utilization of same, including processed agricultural food products; and (iii) make grants to and contracts with appropriate agencies, firms, or individuals

- for surveys, studies, research, and promotion. With respect to agricultural development, the department's activities shall be consistent with the policies, programs, and activities of the governor's agriculture coordinating committee.
- (2) Industrial development. The department shall determine through technical and economic surveys the profit potential of new or expanded industrial undertakings; develop through research projects and other means new and improved industrial products and processes; promote studies and surveys to determine consumer preference as to design and quality and to determine the best methods of packaging, transporting, and marketing the State's industrial products; disseminate information to assist the present industries of the State, to attract new industries to the State, and to encourage capital investment in present and new industries in the State; assist associations of producers and distributors of industrial products to introduce such products to consumers; and make such grants or contracts as may be necessary or advisable to accomplish the foregoing.
  - (3) Land development. The department shall encourage the most productive use of all land in the State in accordance with a general plan developed by the department; encourage the improvement of land tenure practices on leased private lands; promote an informational program directed to landowners, producers of agricultural and industrial commodities, and the general public regarding the most efficient and most productive use of the lands in the State; and make such grants or contracts as may be necessary or advisable to accomplish the foregoing.
  - (4) Credit development. The department shall conduct a continuing study of agricultural and industrial credit needs; encourage the development of additional private and public credit sources for agricultural and industrial enterprises; promote an informational program to acquaint financial institutions with agricultural and industrial credit needs and the potential for agricultural and industrial expansion, and inform producers of agricultural and industrial products as to the manner in which to qualify for loans; and make such grants or contracts as may be necessary or advisable to accomplish the foregoing.
  - (5) Promotion. The department shall disseminate information developed for or by the department pertaining to economic development to assist present industry in the State, attract new industry and investments to the State, and assist new and emerging industry with good growth potential or prospects in jobs, exports, and new products. The industrial and economic promotional activities of the department may include the use of literature, advertising, demonstrations, displays, market testing, lectures, travel, motion picture and slide films, and such other promotional and publicity devices as may be appropriate."

SECTION 6. Section 201-4, Hawaii Revised Statutes, is amended to read as follows:

"§201-4 Contracts. The department of planning and economic development

may contract with qualified private and public agencies, associations, firms, or individuals within or without the State in pursuance of its duties and functions; provided that preference shall be given to contractors within the State; provided further that preference shall be given to qualified parties who agree to match department funds in whole or in part with funds, equipment, materials, or services; provided further that funds to assist associations of producers, processors, or distributors of agricultural or industrial products to introduce products which are new or inadequately known to consumers shall be matched by funds equal to at least forty per cent of the funds contracted for by the department or expenses incurred by it in behalf of the associations; provided further that in instances where the promotion program will benefit one or more of the commodity groups as a whole or where a new or fragile commodity association or industry has the potential for growth but is unable to contribute its full matching share, the department may waive matching fund requirements for the first three years of any contract, but shall require twenty per cent matching funds for the fourth year of any such contract, and forty per cent matching funds for the fifth and all subsequent years of any such contract. With respect to agricultural products and commodities, the department's activities shall be consistent with the policies, programs, and activities of the governor's agriculture coordinating committee.

The contracts shall be approved in writing by the department and shall specify the name of the contractor, the nature of the work to be performed, the manner in which funds may be expended, and such data as the state comptroller may require. The allocation of any such contract shall be presented to the state director of finance and expended by the state comptroller upon vouchers issued by the contractor and approved by the director of the department. No such contract shall be entered into by the department until all interested and qualified persons registered to do business in the State have been given a reasonable opportunity to submit their proposal of the manner in which the contract is to be performed and the results which can be achieved within the limit of the funds available, together with their qualifications to do the work.

When necessary to effectuate the purposes of this part, funds to state agencies may authorize expenditures for the purchase of machinery and equipment and the erection and conversion of structures, laboratories, and buildings within the State, which facilities shall be and remain under the jurisdiction of the agencies. Private agencies, associations, firms, or individuals shall provide all structures and equipment necessary to effectuate the purposes of funds made to them, in which cases the value which may be attributed to the use of the facilities shall be considered as matching funds. The department shall retain under its own jurisdiction only such furniture, office equipment, and other equipment as is necessary for administration purposes."

SECTION 7. Section 204-1, Hawaii Revised Statutes, is amended to read as follows:

"§204-1 State fair. The department of planning and economic development may cause to be held at some suitable place in the city and county of Honolulu on days which it may select, and at such times as may be deemed desirable in its discretion, a fair or exhibition for the purpose of showing and exhibiting mechanical, live-

stock, agricultural, and horticultural products of the State; provided that with respect to livestock, agricultural, and horticultural products, the department's activities shall be consistent with the policies, programs, and activities relating to agricultural product promotion and market development established by the governor's agriculture coordinating committee."

SECTION 8. All rights, powers, functions, and duties concerning agricultural product promotion and market development and state agricultural fairs of the department of planning and economic development may be transferred to such agency as the governor may designate.

SECTION 9. All appropriations, records, equipment, machines, files, supplies, contracts, books, papers, documents, maps, and other personal property heretofore made, used, acquired, or held by the department of planning and economic development relating to agricultural product promotion and market development functions may be transferred with the functions to which they relate to such agency as the governor may designate.

Additionally, up to two positions dealing with such functions may be transferred from the department of planning and economic development at the discretion of the governor, to such agency as may be designated by the governor. If such positions transfer is ordered by the governor, the personnel involved shall not be subjected to a loss of salary, benefits, privileges, or status, and the governor shall report on such transfer to the next legislature.

SECTION 10. Statutory material to be repealed is bracketed. New material is underscored.\*

SECTION 11. This Act shall take effect upon its approval.

(Approved June 2, 1981.)

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\*The text has been edited pursuant to HRS §23G-16.5, authorizing omission of the brackets, bracketed material, and underscoring.