

**ACT 223**

H.B. NO. 2009

A Bill for an Act Making an Appropriation for Agricultural Research and Market Development.

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

SECTION 1. The legislature finds that research and market development are critical for the continued growth of Hawaii's agricultural industry. To provide the necessary support for the transition of Hawaii's agricultural industry from once vast pineapple and sugar plantations to diversified agriculture, more resources must be directed toward agricultural research and market development.

Agricultural research is the basic foundation for Hawaii's agricultural industry. The Hawaii Agriculture Research Center and the college of tropical agriculture and human resources at the University of Hawaii (CTAHR) are important research organizations that assist the entire agricultural community. Although funding for

agricultural research has declined dramatically in recent years, it is critical that funding be continued to keep Hawaii's agricultural industry competitive in today's global market.

Market development is another key component in expanding the opportunities for Hawaii's agribusiness. Given Hawaii's small size and isolated location, considerable effort and funds are needed to develop new markets, expand existing markets, and support new and existing crops.

The legislature finds that the Hawaii Farm Bureau Federation is a nonprofit organization that serves the agricultural industry statewide. The Hawaii Farm Bureau Federation has frequently partnered with institutions like the Hawaii Agriculture Research Center, CTAHR, and the department of agriculture on many research and market development projects. The Hawaii Farm Bureau Federation exemplifies a strong commitment to agriculture and can assure that agricultural research and marketing meet the needs of the industry.

The legislature also finds that CTAHR is committed to the preparation of students and all citizens of Hawaii for life in the global community through research and educational programs supporting tropical agricultural systems that foster viable communities, a diversified economy, and a healthy environment.

Hawaii must diversify its economic base beyond a reliance on tourism. A revived and revitalized state agricultural industry promises not only to diversify Hawaii's economy but also to sustain and stabilize Hawaii's food supply and protect the open space and lifestyle that Hawaii residents and visitors value.

Hawaii's agriculture and value-added products contribute \$2,400,000,000 to the State's economy and employ more than thirty-eight thousand people. During the past twenty years, the value of diversified agriculture in Hawaii more than doubled, reaching a record \$370,900,000 in farm-level revenues in 2002. The prime agricultural lands released from sugar and pineapple production present a rare window of opportunity to further agricultural development. Currently, about one hundred thousand acres of former sugar and pineapple land lie fallow, awaiting economically viable agribusinesses. If all this land could be put to productive use in successful agricultural ventures, an additional \$1,700,000,000 to \$4,400,000,000 could be added to the State's economy.

Also during the past two decades, the Hawaii beef cattle industry has experienced structural shifts that have led to a significant decline in the market share of locally produced beef, from an estimated thirty per cent to less than ten per cent, and to a thirty-seven per cent decrease in the farm value of cattle and calf sales. At present, the majority of calves born in the state are exported to various markets in the mainland United States and Canada. Keeping fifty thousand of these calves in Hawaii could potentially increase the farm gate value of the beef cattle industry by \$25,000,000. Both forage-based and feedlot-finished beef hold great promise as import substitution products that are grown in Hawaii.

The legislature finds that for Hawaii agriculture to take advantage of current opportunities, it must generate high-quality, market-driven products that offset Hawaii's high costs of land, labor, water, and transportation. This strategy requires that agriculture have access to state-of-the-art research and outreach programs.

CTAHR is engaged in several areas of research and outreach that have already contributed to the resurgence of agriculture in Hawaii. Among CTAHR's contributions to the State's agricultural industry are:

- (1) Identification and development of high-value plant- and animal-based food and fiber products to help Hawaii stay competitive in a global market;
- (2) Development of effective and environmentally sound pest, disease, nutrient, and resource management systems; and
- (3) Research that advances agricultural biotechnology, an industry that has the potential to bring billions of dollars to the State's economy.

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The legislature further finds that work in these areas must be expanded to develop and promote high-value products, including:

- (1) New and improved plant varieties that resist disease and environmental stress and tolerate pesticides;
- (2) Plants and plant cell culture systems that produce high-value chemicals, fragrances, vaccines, or specific nutrients;
- (3) Biotechnological innovations that permit rapid analysis to screen for valuable molecular products, evaluate environmental and process chemistry, and identify pest species; and
- (4) Resource- and herd-management approaches and market research that maximize the yield and profitability of, and expand demand for, Hawaii-finished beef.

The purpose of this Act is to provide funding for the Hawaii Farm Bureau Federation to conduct agricultural research and market development and to appropriate funds to CTAHR for research programs to further its mission and actively help Hawaii diversify its economy.

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$500,000 or so much thereof as may be necessary for fiscal year 2004-2005 for the Hawaii Farm Bureau Federation to pursue efforts in agricultural research and market development.

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

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$500,000 or so much thereof as may be necessary for fiscal year 2004-2005 for the research programs of the college of tropical agriculture and human resources at the University of Hawaii to further its mission and actively help Hawaii diversify its economy; provided that the funds shall be added to the base budget of the University of Hawaii.

The sum appropriated shall be expended by the University of Hawaii for the purposes of this Act.

SECTION 3.<sup>1</sup> This Act shall take effect on July 1, 2004.

(Approved July 13, 2004.)

### Note

1. So in original.