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Deputy to the Chairperson

**TESTIMONY OF SCOTT E. ENRIGHT
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE HOUSE COMMITTEE ON FINANCE

April 1, 2016
1:00 P.M.
CONFERENCE ROOM 308

**SENATE BILL NO. 2803 SD2
RELATING TO THE AGRICULTURAL LOAN REVOLVING FUND**

Chairperson Luke and Members of the Committee:

Thank you for the opportunity to comment on SB2803 SD2. The Department strongly supports this bill. This bill seeks to expand the Department's Agricultural Loan Program by providing additional funds. Hawaii's agriculture industry is facing severe challenges as evidenced by the shutdown of sugar production on Maui and two well-known, long time farming operations announcing their intent to shut down operations. Challenges include high input and transportation costs, limited labor and relatively small markets that are easily flooded and limiting economy of scale opportunities. It is anticipated that funding will be necessary to assist existing farms to meet these challenges.

While these factors are challenging, as good quality larger scale farm lands such as the Galbraith lands on Oahu and eventually the sugar lands on Maui become available, farmers will be able to take advantage of the flat lands to mechanize production, utilize new technologies and achieve greater economies of scale. Access to affordable capital will be vital in helping these new operations to develop.

The department believes the agricultural loan program is the best avenue to provide access to affordable capital, as clients will not borrow more than they need, repayment of principal can be relent to assist future borrowers and interest collected fully pays for the program. The agricultural loan program has been successful over the years and investing funds back into the program will help to preserve and expand agriculture production throughout the islands, enabling the replacement of food imports and increasing food sustainability for the state.

Thank you for the opportunity to testify on this measure.





Email: communications@ulupono.com

HOUSE COMMITTEE ON FINANCE
Friday, April 1, 2016 — 1:00 p.m. — Room 308

Ulupono Initiative Strongly Supports SB 2803 SD 2, Relating to the Agricultural Loan Revolving Fund

Dear Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

My name is Kyle Datta and I am General Partner of Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally produced food; increase affordable, clean, renewable energy; and reduce waste. We believe that self-sufficiency is essential to our future prosperity and will help shape a future where economic progress and mission-focused impact can work hand in hand.

Ulupono strongly supports SB 2803 SD 2, which appropriates moneys for the agricultural loan program, because it aligns with our goal of creating more locally produced food.

Agriculture is one of Hawai'i's most important and yet most challenging industries. A critical challenge for our local farmers and ranchers is to obtain adequate financing.

Farming and ranching require a number of costly expenditures to succeed. Some of these costs include rent, water infrastructure, farming equipment, labor expenses, production inputs like seeds, fertilizer, and feed, processing facilities, and marketing development.

This bill would provide our local farmers and ranchers with necessary funding streams to stimulate and grow new investment in Hawai'i's agricultural industry. Ultimately, this will lead to more local food on our plates.

As investors, Ulupono looks for and is more likely to invest our private funds on farmers and ranchers with demonstrated funding streams from other sources. Therefore, this bill's loan funding should incentivize even further financial investments in our local agricultural sector.

As Hawai'i's local food issues become more complex and challenging, organizations need additional resources and support to address and overcome them. We appreciate this

Investing in a Sustainable Hawai'i



committee's efforts to look at policies that support local food production.

We believe that by collaborating, we can help produce more local food and support an economically robust homegrown agriculture industry, which strengthens our community with fresh, healthy food. Thank you for this opportunity to testify.

Respectfully,

Kyle Datta
General Partner



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April 1, 2016

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON SB 2803, SD2
RELATING TO AGRICULTURAL LOAN REVOLVING FUND

Room 308
1:00 PM

Aloha Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

I am Randy Cabral, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community.

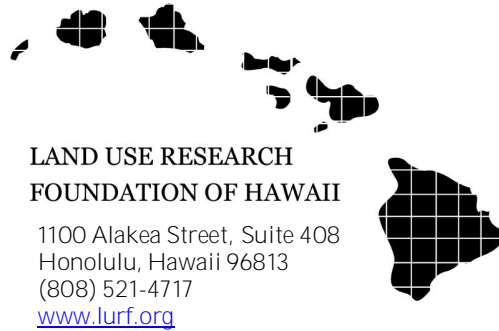
HFB supports SB 2803, SD2, which appropriates funds for the agricultural loan program to increase the State's food sustainability.

Food security, food self-sufficiency and growing agriculture are popular concepts seen in many of the measures before the legislature this year. This Legislative Session, there have been many bills introduced that support of Hawaii's Agricultural Industry. This year, HFB has introduced a package of measures addressing the real needs of our farmers and ranchers all associated with increasing farm and ranch viability. These include infrastructure needs, agricultural education, Food Safety, invasive species control, and regulatory assistance.

This measure supports the growth of Hawaii's agricultural industry by providing additional funding to HDOA to assist Hawaii in growing its agriculture sector.

Thank you for the opportunity to comment on this measure.

LATE



March 31 2016

Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
House Committee on Finance

Support of SB 2803, SD2 Relating to the Agricultural Loan Revolving Fund.
(Appropriates moneys for the agricultural loan program to increase the State's food sustainability.)

FIN Hearing: Friday, April 1, 2016, 1:00 p.m., in Conf. Room 308

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF appreciates the opportunity to support SB 2803, SD2.

SB 2803, SD2. This measure appropriates an unspecified sum for the agricultural loan program to increase the State's food sustainability. The purpose of this bill is to provide additional funding to the state agricultural loan program in order to meet the demand of a growing agricultural sector. Increased funding will allow for additional farming operations due to the recent purchase of the Galbraith lands and other state projects statewide. With additional resources, the State will be able to continue its growth of import replacements and food sustainability.

LURF's Position and Comments. LURF supports SB 2803, SD2, which would make an appropriation to increase the availability of low interest agricultural loans, which will contribute to achieving the State's food sustainability goals.

The State is heavily dependent on imported food, and such dependence is unsustainable. In an effort to address this and other issues, in 2014, the Aloha+ Challenge resolution was adopted by the Legislature, the Governor, the Mayors of each county, and the Office of Hawaiian Affairs identifying six goals that the State would commit to reaching by 2030, one of which is doubling local food production.

Starting new farms and expanding existing farm operations are necessary to increase local food production, however, many farmers cannot take these actions because the associated costs are too high and they cannot obtain the necessary capital.

LURF understands that the agricultural loan program was established to assist farmers in starting new or expanding existing farm operations, however, the program lacks sufficient capital to fully implement its goals and objectives.

Expansion of local food production is vital to protect Hawaii's citizens, and access to affordable capital will be essential for the local agricultural industry to develop, expand, and thrive. The funding provided by this bill to the State agricultural loan programs will provide affordable capital for new farmers to start their operations or for the expansion of existing farming operations.

For the reasons set forth above, LURF is in strong support of SB 2803, SD2, and respectfully urges your favorable consideration of this bill.

Thank you for the opportunity to present testimony regarding this measure.