

Honolulu, Hawaii

APR 07 2017

RE: H.B. No. 1475
H.D. 2
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred H.B. No. 1475, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURAL LANDS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Permit farmers' markets and food hubs on lands in an agricultural district; and
- (2) Require that value-added products displayed and sold by agricultural-based commercial operations in agricultural districts contain at least fifty percent Hawaii-grown content.

Your Committee received testimony in support of this measure from the Department of Agriculture. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from the Land Use Commission and Hawai'i Farm Bureau.

Your Committee finds that farmers in Hawaii face many challenges in achieving economic sustainability, including the limited availability of reliable markets and food hubs, which are facilities used to secure food and process value-added products.



Food hubs, farm stands, and other retail sales opportunities can be significant revenue-enhancing opportunities for the State's farmers and ranchers. This measure therefore permits farmers' markets and food hubs to operate on agricultural lands, which will provide additional marketing opportunities for farmers and ranchers to sell the products they grow.

However, your Committee has heard the concerns regarding the requirement in this measure that value-added products contain at least fifty percent Hawaii-grown content. According to testimony received by your Committee, many value-added products utilize locally-grown products; however, many times the featured locally-grown product is not the main product by percentage. Furthermore, many value-added products made in Hawaii use sugar as a major ingredient, but can no longer include local sugar, due to the recent closing of Hawaiian Commercial & Sugar Co. Thus, there is concern that requiring fifty percent Hawaii-grown content could unintentionally reduce the amount of local value-added products being sold at agricultural-based commercial operations. Your Committee understands these concerns and encourages further discussions on ways to note a value-added product contains Hawaii-grown product, such as listing Hawaii-grown products on the label.

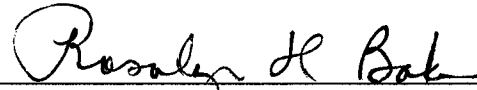
Your Committee has amended this measure by:

- (1) Requiring value-added products displayed and sold by agricultural-based commercial operations in agricultural districts to contain an unspecified percent, rather than fifty percent, of Hawaii-grown content;
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1475, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1475, H.D. 2, S.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,



ROSALYN H. BAKER, Chair



