



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Senate Committee on Agriculture and Environment  
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By  
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### SB 495 – RELATING TO AGRICULTURE

Chair Gabbard, Vice Chair Nishihara, and members of the Senate Committee on Agriculture and Environment:

Thank you for the opportunity to provide testimony in support of the concept of SB 495. It is our belief that agricultural cooperatives will be vital to the future of Hawai'i agriculture.

In the pre-COVID environment 87% of all farms in Hawai'i produced just 10% of agricultural sales. Sixty-two percent of all farms produced just 2.1% of all sales; and 66% of all farms were less than 10 acres. Agriculture is a business of scale. Cooperatives are one tool that can be used to produce scale for the small farm operation.

Farmers, the community and consumers benefit from agricultural cooperatives (U.S. Department of Agriculture, Rural Business – Cooperative Service, Cooperative Information Report 1, Section 3).

Benefits to farmers:

- Providing an assured source of supplies and markets for their products
- Enabling farmers to own and have democratic control of a business enterprise
- Increasing farm income by:
  - Raising price levels for products via marketing, or lowering the cost of supplies
  - Reducing handling costs due to larger volumes being processed
  - Distributing any net savings made
  - Upgrading the quality of supplies
  - Developing new markets

Benefits to the community:

- Added community income
- Stronger rural communities

Benefits to consumers:

- Increased quality of the product
- New products
- Lower costs
- Improved general welfare

While there are also limitations to cooperatives, the benefits outweigh them when the cooperative is under good management. A basic issue in cooperatives is whether each member is treated appropriately. This can be addressed by having management that is not one of the growers, and having a periodic open audit of the cooperative.

Experience in Hawai'i has shown that being a member of a cooperative has the potential to increase the profit of an average farmer by up to 2 to 2.5 times.

We leave the legal details of this bill to those that are versed in that area, however we strongly support the concept of agricultural cooperatives and SB 495.