



UNIVERSITY OF HAWAI'I SYSTEM

TESTIMONY

H.B.#1360, H.D. 2

A BILL FOR AN ACT RELATING TO THE WAIALUA AGRIBUSINESS
INCUBATOR

Testimony Presented Before the

SENATE COMMITTEE ON WATER, LAND, AND AGRICULTURE
SENATE COMMITTEE ON HIGHER EDUCATION

March 22, 2005

By

Andrew G. Hashimoto
Dean, College of Tropical Agriculture and Human Resources
University of Hawai'i

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House Bill 1360, H.D. 2

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Dr. Andrew G. Hashimoto, Dean
College of Tropical Agriculture and Human Resources
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I am pleased to contribute the expertise of the College of Tropical Agriculture and Human Resources (CTAHR) to the decision-making process on House Bill 1360, H.D. 2.

About 100,000 acres of Hawai'i's former sugarcane and pineapple land currently lie fallow, including about 20,000 acres in the Waialua district of O'ahu. Profitable farming of this land coupled with related agribusiness activity can create employment opportunities while retaining green, open space that is valued by residents and visitors alike. In 2004, the legislature passed House Concurrent Resolution 260, which requested that CTAHR develop and manage an agribusiness incubator in Waialua to support entrepreneurs in the development and manufacture of new agricultural products.

An incubator is an effective means by which the state can support the expansion of our vibrant and growing diversified agriculture sector. In the low-risk incubator environment, an entrepreneur-client can gain a foothold and work toward establishing an independent business, typically graduating in two to three years. An incubator helps its clients address the major factors that cause new businesses to fail: lack of capital, unrealistic marketing objectives, poor management skills, and isolation from other entrepreneurs and professionals. Incubator programs are a proven way to nurture new business ventures. The National Business Incubator Association reports that 87 percent of enterprises developed in an incubator environment survive their first five years, compared with only 25 percent of those developed without the benefits of incubation.

In its current form, HB1360, HD2 authorizes the issuance of general obligation bonds for the design, planning, and construction of an agribusiness incubator in Waialua. The current effective date is July 1, 2010. We recommend that the bill be amended to authorize a \$300,000 appropriation to the University of Hawai'i, effective July 1, 2005, to fund only the planning of the incubator. CTAHR has federal monies to fund the operation of a statewide agribusiness incubator.

CTAHR's agricultural and economic expertise and ongoing extension service to the state's agricultural community make the college well-suited to develop and manage an incubator. Waialua has rich and abundant agricultural land and is better located to serve incubator clients than the Mānoa campus, which is far from many of O'ahu's agricultural communities and has limited public parking. The facility in Waialua will not only serve the North Shore's thriving diversified agriculture industry but also will be the base of incubator operations serving clients in O'ahu and throughout the state.

I support HB1360, HD2 provided that its passage does not replace or adversely impact priorities as indicated in the University of Hawai'i's Executive Biennium Budget.

Thank you for the opportunity to testify.