

Honolulu, Hawaii

FEB 16 2007

RE: S.B. No. 1307  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam:

Your Committee on Water, Land, Agriculture, and Hawaiian Affairs, to which was referred S.B. No. 1307 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose of this measure is to support the longevity of a diversified agricultural industry in Hawaii by creating a dairy and egg farm revitalization and food security program.

Specifically, this measure:

- (1) Creates a dairy and egg revitalization program to administer and disburse funds to qualified dairy and egg producers for up to fifty per cent of their feed costs; and
- (2) Appropriates \$3,300,000 in each year of the fiscal biennium, for the Department of Agriculture to disburse funds to qualified producers of milk and eggs for the costs of feed, and for the administrative costs of the revitalization program.

Testimony in support of this measure was submitted by the Department of Agriculture, the Hawaii Farm Bureau Federation, the Hawaii Egg Producers Association Cooperative, Hawaiian Fresh Egg Farm, Pacific Dairy, Cloverleaf Dairy Farms, and four individuals. Testimony in opposition to this measure was submitted by Animal Rights Hawaii and one individual. The College of Tropical



Agriculture and Human Resources at the University of Hawaii and the Hawaii Pork Industry Association submitted comments.

Hawaii's livestock industry faces numerous challenges. According to the Department of Agriculture, in 2006, locally produced eggs represented approximately thirty-three per cent of the total eggs sold in the State. Furthermore, approximately thirty to thirty-five per cent of the milk consumed in the State is locally produced. Within the past year, two egg farms and one dairy farm have closed, and currently, a dairy farm and an egg farm are threatened with closure.

Your Committee finds that one of the challenges these farms face is the rising cost of feed for livestock. The decrease in operational local dairy and egg farms increases the State's reliance on the importation of food and threatens the State's food security. Thus, creating a dairy and egg revitalization and food security program will financially assist dairy and egg farmers with covering the cost of their feed requirements, enable them to remain in business, and continue to provide fresh milk and eggs for local consumption.

Your Committee recognizes that the livestock industry also includes chickens and pigs. Pork and poultry producers emphasized to your Committee that they are also threatened with closure due to rising costs for feed, and expressed interest in being included in a livestock revitalization program. Furthermore, the Department of Agriculture offered to your Committee a revised form of this measure that includes revisions to provide greater accountability in the administration of the revitalization program.

Submitted testimony indicated that for poultry farmers, the total cost of grain or feed for their livestock amounts to seventy per cent of the cost to produce one dozen eggs with fifty per cent of that cost attributed to transportation expenses for the feed. Submitted testimony from other commodity producers further represented similar concerns regarding feed costs associated with transportation costs.

Accordingly, your Committee has amended this measure by:

- (1) Expanding the scope of the revitalization program to include pork and poultry farmers as qualified producers;



- (2) Adding a new chapter to the Hawaii Revised Statutes, to establish a livestock revitalization program that:
  - (A) Provides grants to qualified producers to reimburse up to fifty per cent of feed expenses;
  - (B) Establishes conditions and qualifications for a qualified producer to receive a grant;
  - (C) Exempts the grants disbursed under this new chapter from the provisions of chapter 42F, Hawaii Revised Statutes; and
  - (D) Requires the Department of Agriculture to establish and adopt rules to implement the purposes of the livestock revitalization project; and
- (3) Changing the appropriation amount from \$3,300,000 to \$4,700,000, to enable the program to include pork and poultry producers; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and style.

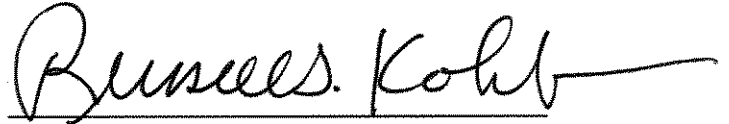
Your Committee has concerns with the longevity of the revitalization program and is concerned that this program will only provide a short-term solution when a permanent solution is needed to effectively protect the livestock industry in Hawaii. Thus, your Committee believes that this also merits further discussion by the Department of Agriculture, Hawaii Farm Bureau Federation, and the College of Tropical Agriculture and Human Resources at the University of Hawaii.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to support the longevity of a diversified agricultural industry in Hawaii.

As affirmed by the record of votes of the members of your Committee on Water, Land, Agriculture, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1307, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1307, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committee on Water, Land,  
Agriculture, and Hawaiian  
Affairs,

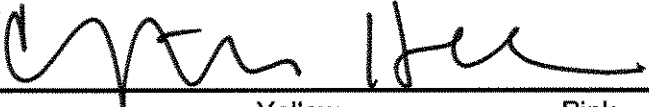
A handwritten signature in cursive script that reads "Russell S. Kokubun". The signature is written in black ink and has a long horizontal flourish extending to the right.

RUSSELL S. KOKUBUN, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Water, Land, Agriculture and Hawaiian Affairs**  
**WAH**

Bill / Resolution No.:* <i>S.B. 1307</i>	Committee Referral: <i>WAH, WAM</i>	Date: <i>2/12/07</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KOKUBUN, Russell S. (C)	/	/		
TOKUDA, Jill N. (VC)	/	/		
FUKUNAGA, Carol	/	/		
HEE, Clayton	/	/		
SLOM, Sam	/	/		
<b>TOTAL</b>	<b>3</b>	<b>1</b>		<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:             Original             Yellow             Pink File with Committee Report             Clerk's Office             Drafting Agency				

\*Only one measure per Record of Votes