

LINDA LINGLE
Governor



State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512

SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE K. OKAMOTO
Deputy to the Chairperson

TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON FINANCE
WEDNESDAY, APRIL 2, 2008
ROOM 308
2:30 P.M.

SENATE BILL NO. 2956, S.D. 1
RELATING TO MILK

Chairperson Oshiro and Members of the Committee:

Thank you for the opportunity to provide testimony on Senate Bill No. 2956, S.D.1, relating to milk. The Milk Control Act regulates the assignment of milk quota and the minimum price paid to the local milk producers. A Class I price is paid to a producer by the State's only milk processor when milk is utilized for fluid consumption. The lower Class II price is paid when milk is utilized by the processor for other non-fluid dairy products, such as yogurt and cottage cheese. The Class II price is approximately 2/3rds of the price paid for Class I milk. The department strongly supports this bill.

Currently, there is no control over the amount or source of milk utilized for Class I or Class II milk by the processor and no alternative processor in the State. In 2007, locally produced milk represented approximately 18% of the total milk and milk products consumed in the State and the other 82% came from imports into the State. The majority of the imported milk is pasteurized on the mainland, transported in insulated rather than mechanically refrigerated, bulk containers and re-pasteurized before being packaged by the local processor. Imported milk may have been in transit from the farm for close to two weeks and will have traveled over 3,000 miles before arriving in Hawaii stores.

This amendment will help to ensure that 100% of the local producers' milk produced within their quota will be used for fluid consumption rather than for the lower compensated Class II purposes. It will also mean that Hawaii's consumers will obtain fresher milk and will contribute to the continued operation of the two remaining Hawaii dairies.

The department recognizes the challenges of the dairy industry. The department also recognizes the importance of providing island fresh fluid milk for the consumers in the State. The gathering of stakeholders to discuss critical issues and help identify and recommend short and long term solutions to help ensure the availability of locally produced fresh milk for fluid consumption.



Hawaii Farm Bureau
F E D E R A T I O N

2343 Rose Street, Honolulu, HI 96819
PH: (808) 848-2074; Fax: (808) 848-1921
e-mail hfbf@hfbf.org

April 2, 2008

TESTIMONY BEFORE THE
HOUSE COMMITTEE ON FINANCE

SB 2956, SD 1

RELATING TO MILK

Chair Oshiro and Members of the Committees:

My name is Alan Takemoto and I am the Executive Director of the Hawaii Farm Bureau Federation.

The Hawaii Farm Bureau supports SB 2956, SD 1, which ensures that the remaining Hawaii dairy producers are paid a price commensurate with the quality of the milk they produced. The livestock industry, especially the dairy operations, has been reduced tremendously and now only have 2 remaining dairy operations left. We need to do everything within our power to encourage these dairy operations to remain viable in our state. The need for fresh milk in Hawaii is vital for not only self sufficiency but also food security. With these changes we hope will keep our existing dairy operations alive as well as encourage more operations to open in the near future.

Thank you for allowing us to testify in support of this measure.