

HB 1570, HD2

NEIL ABERCROMBIE
Governor



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

RUSSELL S. KOKUBUN
Chairperson, Board of Agriculture

JAMES J. NAKATANI
Deputy to the Chairperson

**TESTIMONY OF RUSSELL S. KOKUBUN
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE SENATE COMMITTEE ON AGRICULTURE

THURSDAY, MARCH 17, 2011

2:55 P.M.

CONFERENCE ROOM 229

**HOUSE BILL NO. 1570, H.D.2
RELATING TO AGRICULTURE**

Chairperson Nishihara and Members of the Committee:

Thank you for the opportunity to comment on House Bill No. 1570, H.D.2. The purpose of this bill is to support the agricultural industry in Hawaii by helping agricultural businesses meet their feedstock costs. The Department of Agriculture strongly supports this bill.

In 2007, the Legislature had passed a similar measure to support the local livestock industry in Hawaii by providing grants to qualified producers to offset their rising feed costs. The assistance provided was timely, in the midst of the "great recession." Many of the producers who received the assistance are highly appreciative of the support provided. The assistance actually helped to stave off some business closures.

The Department is a strong advocate for the local livestock industry and we believe this measure provides a near term solution for some of our producers who confront rising feed and shipping costs. Just last month alone, both Matson and Horizon have announced a 4.75 percent increase in fuel surcharge from 21.75 percent to 26.5 percent for their Hawaii service. Likewise, the price of lay feed reportedly went up by \$20 to \$400 a ton. Finally, the delivery charges for feed went up by \$8 a ton this week.

It is critical to support our existing livestock industry in order to establish a firm foundation for future expansion thus ensuring a greater degree of self-sufficiency in food production.

Thank you for the opportunity to testify on this bill.

**Hawaii Agriculture Research Center***Administration: P.O. Box 100, Kunia, HI 96759**Ph: 808-621-1350/Fax: 808-621-1359***FAX TRANSMISSION COVER SHEET**To: Senate Sergeant-At-Arms Date: March 15, 2011Location: Hawaii State Capitol Fax No.: 586-6659From: Cindy Pinick for Stephanie A. Whalen (ph: 621-1350)Number of pages (including this cover sheet): 2

The testimony listed below is for the following hearing:

**Senate Committee on
Agriculture****Thursday, March 17, 2011****2:55pm****Conference Room 229****HB 1570 HD2**



Hawaii Agriculture Research Center

Administration: P.O. Box 100, Kunia, HI 96759

Ph: 808-621-1350/Fax: 808-621-1359

TESTIMONY BEFORE THE SENATE COMMITTEE ON AGRICULTURE

HOUSE BILL 1570, HD2

RELATING TO AGRICULTURE

March 17, 2011

Chairman Nishihara and Members of your Committee:

My name is Stephanie Whalen. I am Executive Director of the Hawaii Agriculture Research Center (HARC). I am testifying today on behalf of the center and our research and support staff.

HARC supports House Bill 1570, HD2 which provides for funds to reimburse livestock producers for feed costs.

If locally produced food and feed is in fact a desirable goal for the state, then support for the livestock industry is needed. Imported feed costs continue to be one of the major cost items that challenge the viability of the livestock industry.

This committee's support for this bill would demonstrate that there is commitment to the viability of at least this agricultural sector.

Thank you for this opportunity to testify in support of this measure.

nishihara5 - Randy

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 15, 2011 8:23 AM
To: AGL Testimony
Cc: eric@bellosmillwork.com
Subject: Testimony for HB1570 on 3/17/2011 2:55:00 PM

Follow Up Flag: Follow up
Flag Status: Flagged

Testimony for AGL 3/17/2011 2:55:00 PM HB1570

Conference room: 229
Testifier position: support
Testifier will be present: No
Submitted by: Eric Bello
Organization: Individual
Address:
Phone:
E-mail: eric@bellosmillwork.com
Submitted on: 3/15/2011

Comments:

I would like to voice my support for HB1570. My family operates an egg production farm in Wahiawa and has struggled through the years with increasing feed and other costs. In particular during this time of unprecedented high feed costs, we really need the kind of relief that HB 1570 would provide. The last feed subsidy allowed us to survive through a similar cost escalation. When we recovered, we upgraded housing and machinery to become more efficient. We understand we must modernize and continue to improve our efficiency and competitiveness. Our operation recently celebrated our 100th anniversary in business. We would like to continue to provide jobs and food security to our community for many more years to come. Thank you for your consideration.

TESTIMONY FOR
HB-1570 HD2

SENATE AG COMMITTEE
CLARENCE K. NISHIHARA, CHAIR
GILBERT KAHALE, VICE CHAIR

Thursday, March 17, 2011 – 2:55 pm
Conference Room 229

Dear Senators:

Having the foresight to prepare for the impending energy crisis is just one reason to support HB-1570 HD2. But with the global demand on the current inventory and the higher demand for corn created by the misguided corn-to-ethanol program is only compounding an already exasperating situation.

Having the protein security that a viable egg industry provides is critical when you live in the middle of the Pacific Ocean. The tragedy in Japan should be our wake-up call for Hawaii to raise the level of our food security. Friends in Tokyo told me yesterday that there are no fresh foods in the markets and food shortages are a major concern.

The feed subsidy bill that was passed and implemented in 2008 demonstrated that government could have a direct impact in the survival of industry critical to the well being of our citizens. What might be considered a relatively conservative investment reaped a return that you can't put a price on. Hawaii benefited on many levels from this one bill.

Food is one of our most basic needs and being overly dependent on imported foods makes Hawaii highly vulnerable in times of crisis. Please find the ways to support and fund this bill to keep Hawaii moving forward toward a more food secure Hawaii.

Respectfully,

Dan Nakasone
President, Brainstorm Marketing, Inc.
Co-Founder, She Grows Food, LLC

nishihara5 - Randy

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 15, 2011 6:00 PM
To: AGL Testimony
Cc: puaa@hawaii.rr.com
Subject: Testimony for HB1570 on 3/17/2011 2:55:00 PM

Follow Up Flag: Follow up
Flag Status: Flagged

Testimony for AGL 3/17/2011 2:55:00 PM HB1570

Conference room: 229
Testifier position: oppose
Testifier will be present: No
Submitted by: Cathy Goeggel
Organization: Animal Rights Hawai'i
Address:
Phone:
E-mail: puaa@hawaii.rr.com
Submitted on: 3/15/2011

Comments:
ANIMAL RIGHTS HAWAI'I
Advocates for animals since 1975
PO BOX 10845 HONOLULU. HI 96816
animalrightshawaii.org

Testimony on HB1570 HD2
Position: oppose

Senate Committee on Agriculture
Conference Room 229 State Capitol at 2:55 pm Thursday, March 17, 2011

Chair Nishihara, Vice Chair Kahele:

Once again, the livestock industry comes to the taxpayers with hands outstretched- not as a viable contributor to the economy of our state, but as mendicants.

If they cannot survive without constant infusions of taxpayer monies, perhaps they should pursue another career that actually gives to Hawai'i.

How can you, the legislature, waste precious monies, whilst schools are being closed and workers furloughed!

Respectfully submitted,

Cathy Goeggel
President

March 17, 2011

To: Senate Agriculture Committee

Re: **HB 1570 HD 2: Senate Agriculture Committee**

Date: Thursday, March 17, 2011
Time: 2:55 pm
Place: Conference Room 229
State Capitol
415 South Beretania Street

Dear Chairman Clarence Nishihara
Vice Chair Gilbert Kahele and members of the Senate Agriculture Committee,

My name is Jeffrey Peterson.

I was born and raised on a poultry egg farm in Wahiawa where my family still farms poultry today. For the last 10 years I have been the manager for Land O Lakes Purina Feeds which sells animal livestock feeds here in the State of Hawaii. My personal testimony comes from being both raised on a local family poultry farm and also working with the feed industry.

Back in 1999 there were 14 dairy farms, 17 poultry operations and numerous hog farms across the islands. Today we have two dairy, 4 poultry farms and a handful of hog farms in the state. In 2007 a livestock revitalization bill passed allowing for the livestock industry time and assistance to adjust to the increase in costs and change their business model to survive in the future in Hawaii.

I ask myself did the 2007 Livestock Revitalization program help the livestock industry? I know first hand it has saved a number of family farms from going out of business. I know they are still struggling as they continue to change. As examples, I have seen some of the farmers change their business models by selling directly to the end user, another processing their own products to sell to the market as opposed to going to a middle man, another upgrading some of their old equipment to be more efficient with the best management practices.

Costs have continued to increase rapidly since 2007 due to the continued increase demand of ethanol, the world demand on corn/proteins, and transportation costs. Comparing January 2007 to February 15th 2011, total combined feed and shipping costs have increase is 32%. When broken apart feed costs have gone up 47%. Terminal handling costs at our ocean ports for shipping a container have gone up 126% since 2007. When dealing with commodities and agriculture costs to produce a food product this 32% total increase is a large increase.

There is more that should be done in a effort to stabilize this Hawaii livestock industry. Guam has lost their commercial poultry and their slaughter house. Today they are offering programs and incentives to entice locals to start farming. So far Guam has had no takers that. I feel once it is gone it is very hard to get it back due to the investments etc.

The total funds put aside for the 2007 Livestock Revitalization program were never totally released. There are still many challenges in front of the farmers we have left producing food in Hawaii. Sustainability and growth through change needs to be achieved by current farmers. They have proved to be receptive to change and responsibly putting money back into their farms for the future. More importantly I see opportunities in Hawaii livestock agriculture both now and in the future.

I ask for your support of HB 1570 HD2.

Respectively submitted,

Jeffrey A. Peterson

Senate Committee on Agriculture

Date: Thursday, March 17, 2011
Time: 2:55 pm
Place: Conference Room 229
State Capitol
415 South Beretania Street

To: Chair Nishihara,
Vice Chair Kahele and members of the Agriculture Committee:

RE: House Bill No. 1570, H.D. 2

My name is Roy Kaneshiro and I am the owner of K. K. Poultry Farm, Inc. located in Waimanalo, Hawaii. My farm is one of only four remaining commercial egg-producing farms in the State of Hawaii. The four farms produce approximately 15% of eggs for sale in Hawaii. The rest of the eggs are imported from outside the State.

I support House Bill No. 1570, H. D. 2 which provides a subsidy for livestock feed. Producing eggs in Hawaii is costly and one of the major costs is for feed. Feed price is subject to the fluctuating grain market and to shipping costs which is affected by fuel price. A similar measure was enacted in 2007. I feel that the program was very successful. It enabled me to afford the weekly feed purchase and make improvements to become more productive, efficient and to continue farming.

I believe this House Bill demonstrates the State's commitment to support agriculture by assisting farmers who are part of the State's vision for sustainability. It will also encourage and help farmers to stay in business during this difficult time. I therefore urge passage of this bill.

Respectfully submitted,

Roy Kaneshiro

March 16, 2011

To: Senate Committee of Agriculture

Re: **House Bill 1570 HD2**

Date: Thursday, March 17, 2011

Time: 2:55 pm

Place: Conference Room 229

State Capitol

415 South Beretania Street

Chair Nishihara, Vice Chair Kahele and honorable members of the committee:

I am a supporter for the passage of HB 1570 HD2. Although I am not a farmer or agricultural producers of goods, I am a consumer who comes from an extended family of farmers and a staunch supporter of purchasing locally based "homegrown" goods and services as often as I can. I believe in the spirit of supporting locally based businesses that produce goods and services for a number of reasons. I avoid big box stores as often as possible and prefer to spend a little bit more money to purchase goods and support locally based businesses. I'd much prefer to see as much of my hard-earned money stay right here in Hawaii supporting a family business here rather than send my dollar elsewhere. I do realize, however, that this is not 100% possible.

In regards to HB 1570 HD2, I realize the importance of the passage of the bill. I realize the arguments for and against such a bill. Costs, empirical, and evidentiary data and statistics abound concerning this bill, others similar to it, and its intrinsic value to not only the producers and business owners who directly benefit and stay in business, but to those of us who deeply value the products and services provided by these businesses as consumers. The undeniable spirit of the people who work and manage these businesses deserve the financial support and relief HB 1570 HD2 would allow.

Considering the demise of a number of egg and cattle farms, etc., over the years in Hawaii should be of great concern to the people who reside within the state of Hawaii, especially our leaders. I could go into the long statistical data available on the world wide web that would illustrate and show the financial numbers involved in the business of raising farm based products, however, I realize those numbers are provided in other citizen's letters to you and I will digress at this juncture to avoid redundancy.

More importantly, consider the fact that the Hawaiian Islands are completely isolated and extremely reliant and dependent upon outside resources and imports for much of its food and other products. I find it a travesty that Hawaii does not promote, encourage, and completely support locally grown goods and services more than it does considering the devastating effects that could result in case

of catastrophe. If we were to ever lose contact or supply lines from external resources, our state would be in a great state of panic and lack any sustainability for determined length of time.

Realizing certain recent natural world disasters as well as the national and globally volatile political and economic climates makes me reflect more upon the questions of why we, as citizens of Hawaii, are not more self-reliant and supportive of growing our own foods to the point where we could make a better effort in self-sufficiency in case of disaster.

The passage of this bill will allow those small business operators who are still very fortunate to be in business to continue their spirited work, supplying and providing much needed foods and services towards an already economically and logistically challenged global system. In my opinion, we have become too dependent and reliant on outside goods from other sources to be imported into the state and it appears, with the staggering loss of the number of local farm businesses over the years, we've become less supportive of locally grown products and self-sufficiency. I am not convinced the average person and consumer fully understands what would be the tragic circumstances we all face should farmers, ranchers, poultry producers, etc., disappear completely off the grid. Simply put, without farms there would be no food. It would take months or even years to stand up operations for farms and ranches to produce food should we allow another local farm or ranch, etc., to disappear.

During my youth and during my formative teenage years, I witnessed and experienced firsthand as a worker "in the fields" the hard work farmers do day in and day out, night in and night out, toiling their fields, cattle, crops, animal coops, etc., trying to feed our nation and the rest of the world. I have seen farms disappear because we've become a nation of people who shy away from the hard work required to be successful at farming. They are struggling. The resiliency of the farmers, farms, and local producers of other agricultural products not only on the mainland United States, but especially here in Hawaii as well, are living proof of the true meaning of the spirit of raising "homegrown" products. Arguably, these genuine and good people asking for your assistance in passing HB 1570 HD2 could very well be members of our local communities who provide the best example of the last bastion of society representing the true American spirit of entrepreneurship of the simple hard-working man/woman working 24 hours a day to produce a farm, poultry, or cattle product within a very complex and competitive global business system. If it means I might pay a little more for a product made here in Hawaii and supporting a family who lives, works, sacrifices and toils, pays taxes, and contributes to our communities in a positive number of ways, and avoids having to get on welfare scrolls here in Hawaii, so be it. I'll be glad to stretch my dollar. But, they cannot continue to exist and survive without your help in passing HB 1570 HD2.

Other business owners may cry "foul" and ask why their businesses cannot be supported much in the same fashion as HB 1570 HD2 supports farmers, etc. Some individuals may offer other suggestions such as tax exemptions and lower or non-existent General Excise tax rates, however, I feel that the GE tax rate offers a check and balance system that illustrates what income can be generated coming in to the government and allowing the government to budget with more precision as opposed to guessing or wondering what monies might be available to then be disseminated back into the communities with grants or projects, etc.

I offer and suggest to you all that I'll take fresh, safe, homegrown, good old-fashioned cattle, poultry, vegetable, and floral products, etc., especially those grown locally over any product available on the shelves of stores. We must eat to survive and we cannot do that without farms and their products. One cannot "eat" a fancy computer or iphone or fancy set of clothes and we can do without those items if we absolutely need to, however we all sure do need food to survive. It's simple. Local farms and ranchers of all products deserve our utmost support. They need this financial support to continue to be successful and survive.

Our country was founded by the very spirit and lineage of ranchers, farmers, intellectuals, and on the hard backs and hard work of blue collar workers that exist today. I served my country for over 20 years in the U.S. military and consider myself a patriot. I'd like to see us get back to relying on ourselves more than we rely on other countries in regards to farming, manufacturing, etc., and that will only happen if our leadership understands and believes as I do. It starts right here at home. Please support the passage of HB 1570 HD2 and don't add to the demise and death of farms and ranches here in Hawaii much the same as some of our mainland steel mills fell to the wayside decades ago. I believe in and support the American spirit, especially those who continue to ranch and farm, and I believe in the spirit of locally based, home-grown product manufacturing and support needed to keep them going with just a little help from all of us.

They need your help. They need your complete support. I respectfully request you support and pass HB 1570 HD2.

Thank you for your time. Please forgive me if my words and ideas seem random or unorganized; I had very little advance notice of this deadline and wrote these ideas within an hour's brainstorming in order to meet the deadline.

With my most complete respect,

Jonathan Barkley

March 16, 2011

To: Senate Agriculture Committee

Re: **HB 1570 HD 2: Senate Agriculture Committee**

Date: Thursday, March 17, 2011

Time: 2:55 pm

Place: Conference Room 229

State Capitol

415 South Beretania Street

Dear Chairman Nishihara and members of the Senate Agriculture Committee,

I would like to express my support for HB 1570 HD 1. As a current pork producer and past recipient of the previous program, I am fully aware of the positive impact that this program can have on our viability and sustainability.

The monies received from the previous program went to pay past due expenses as well to fund attempts to develop value added products. Although we have not yet reached our goal of marketing value added products we are still striving towards that goal. Had I not received the previous assistance, it is very likely that I would not now be in business.

Unfortunately, due to the economic downturn, we again find ourselves facing challenges that are staggering. In an attempt to reduce our feed cost, which is our largest expense, we have instituted a number of changes. We have lowered the price of our pigs, increased advertising and severely restricted the feeding of our animals. Additionally we have depleted our savings and have resorted to donating pigs to non-profits. In the past month we have given approximately \$10,000.00 worth of pigs away. This is unsustainable.

I worry every day about how to cover all the expenses. I have to pay my bills now. It doesn't give me the time or financial freedom to work on the long-term growth, improving the quality of my operations or the sustainability of my farm.

It is my belief that my viability as a livestock producer has been, is and will continue to be adversely affected by situations and events that may take place half a globe away and almost impossible to anticipate. Hawaii agriculture is especially vulnerable to external factors. The present situation in China (decreased grain production) and the Middle East unrest (increasing oil prices) will be adversely affecting all of cost of living very soon.

Even as you are reading this letter, we are planning for another increase for freight. We cannot pass on all of our increased costs to the consumer. Our hope is that we can develop some value added products

that will restore our profitability and viability. And in doing so, we will increase Hawaii's food security. In the interim, governmental assistance is crucial to keeping my farm operational.

I would like to, but will not be able to be there in person to testify due to running my farm/business.

Thank You

Glenn Shinsato

47-375 Kapehe Street

Kaneohe Hawaii 96744

February, 23, 2011

March 16, 2011

Senate Committee on Agriculture

LATE

Date: Thursday, March 17, 2011

Time: 2:55 pm

Place: Conference Room 229

State Capitol

415 South Beretania Street

Re: **House Bill 1570 HD 2**

Chair Nishihara, Vice Chair Kahele and honorable members of the Committee:

My name is Sharon Peterson Cheape of Petersons' Upland Farm and I work on our family egg farms located in Kipapa and Wahiawa. I am also the Vice President of the Hawaii Egg Producers Cooperative which represents all commercial egg producers in the state of Hawaii. In the early 1980's there were 21 commercial egg farms in our state. Today there remain only four, all of which are seriously threatened by closure.

As a recipient of the 2007 Livestock Revitalization Program, I can attest to the enormous value and difference it has made with our family's poultry farm. In fact, I can honestly say that we would not have been able to celebrate our 100 year anniversary in 2010 had we not received this help. Monies from the Revitalization Program enabled our farm to pay for rapidly increasing feed and shipping costs, to grow our existing flock number and to purchase new egg collecting and feed equipment which greatly increased our efficiency. In comparing years 2007 to 2010, we realized a growth in our on-farm sales to be 83%. This huge increase in retail sales was due directly to the Revitalization monies we received along with the promotional efforts and community awareness of Dan Nakasone for the Hawaii Egg Producers Cooperative. These retail sales are especially helpful to the smaller farms that don't have access to the supermarket accounts that require a large volume of eggs.

LATE

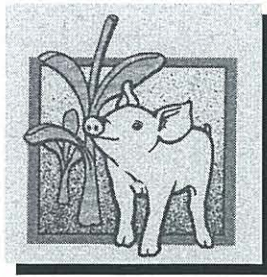
All livestock farmers are now facing a greater challenge of even higher feed prices, shipping rates and fuel surcharges than what was experienced in 2007. Last week we witnessed corn reaching an all time high of \$7.30 per bushel in contrast to past norms of \$2.20 per bushel. In addition to this, Matson Navigation Company sent out a recent letter informing it's customers that it is raising it's fuel surcharge by 13.25 percentage points for its Hawaii service which will take effect March 30, 2011. Therefore, this Bill is urgent and necessary for our states future in poultry and all livestock agriculture.

I strongly support HB 1570 HD2 and the \$250,000 dollar cap. It has proven to work well in the past as the four poultry farms are still existing today. I had the opportunity to speak to other small family farms on Oahu and they collectively share the same belief. Your help will not only aid in the preservation of agriculture and the survival of our local farms, but also in ensuring future generations to experience and benefit from the products and the culture of this treasured lifestyle. Once a farm closes it is virtually impossible to restart, which is why HB 1570 HD2 is so vital.

My family along with the other 3 commercial poultry farms thanks you for providing the past funding from the 2007 Livestock Revitalization Bill which has kept us all alive. We passionately ask for your further support in passing HB 1570 HD2. Mahalo for your support of agriculture and for the opportunity to submit this testimony.

Respectfully,

Sharon Peterson Cheape
Petersons' Upland Farms
Ph: 808-358-7258



M & H Kaneshiro Farms

Island Fresh Pork

To the Senate Agriculture Committee
March 17, 2011
Conference Rm. 229, 2:55 PM

LATE

Testimony In Favor of HB 1570 HD2

Appropriates funds to reimburse livestock producers for feed costs

Senator Clarence K. Nishihara, Chair

Senator Gilbert Kahele, Vice Chair

and Committee Members:

Greetings,

I am Valerie Kaneshiro, herd manager for our family farm on Kauai. Mamo Kaneshiro's family has been farming hogs in this area over 90 years. And I myself have been caring for these fine individuals, over 30 years. But in the winter of '07-'08, I cried. Feed prices had skyrocketed due to the use of corn for ethanol. We're efficient producers who work long hours to provide a fresh protein product that's in high demand. But even I began to doubt that we could make ends meet, so my husband Derwin and I began to reduce the herd for what would be our phase-out. And then the Livestock Revitalization Program saved us. A lot of really exciting things have happened since then!

The money was directly invested in new feed-saving feeders. We fixed the pens. And, it allowed us to set up a real office where others can come and help with accounting. Mamo and Haruko were still running the large successful business out of a porch off the back of their bedroom.

In addition, things have been looking up on other fronts. We're seeing more people supporting our local economy, and specifically, a local food source. They're eating fresh and patronizing local farmer's markets, grocery stores, and restaurants featuring locally grown food. We are proud members of the Kauai Made program, and the new Farm Bureau sponsored, Kauai Grown. More and more restaurants around the state are calling, asking to buy our pork. Individuals around the state are calling, asking where they can buy fresh pork. You see, pork is not like beef that is better aged. With pork, fresh tastes better.

Pigs are incredibly useful creatures. There are so many ways they play a vital role in sustainability and recycling. For years, farmers and nurserymen have been wanting the manure in an easy to transport form, for its fertilizer and soil amendment value. In the last couple years, revolutionary new ideas in pen design are being implemented using green waste in the pens, making it easier for farmers to gather their manure byproducts for use in composting and even alternative energy generation. We're moving forward with bold plans, in conjunction with Pacific Light & Power, to incorporate our hog's manure with green waste to fuel a biodigester that will generate electricity and revitalize large segments of Kauai. Byproducts from electrical generation will be a high value soil amendment and refrigeration for a modern, efficient, mobile slaughter and processing plant. Kauai is in dire need of a processing facility in order for the livestock industry to persevere, and the pigs will play a pivotal role in making that become a reality.

There is so much opportunity for growth and employment, not just for us, but for others too. We've been able to help a neighboring free-range layer chicken business grow. Because we have feed containers coming from the mainland, it helps them get feed and supplies to their birds too. Without Kauai Farm's Garden Island Eggs, we have no other egg farm on Kauai.

And our local community college is looking to intensify an agricultural initiative. At a recent planning session, having mentors and internships on farms was identified as a key to its success. We're looking forward to partnering with KCC, and others, to train the next generation of agriculturists.

Lots of organizations in our community have benefited from this farm. We've donated fresh pork to countless school groups, church groups, sports teams, hula halaus, cancer society, clubs, and families. We're happy when we can give!

Meanwhile, we hear farmers on the mainland are planting record acreages of corn and soy beans, trying to keep up with world demands. Also, they're proposing an end to the ethanol subsidies, and a repeal of the approval for 15% ethanol. We're hoping that corn and soybean prices will stabilize.

In the near future, alternative energy production, like biodigestion, will be something pigs will play a vital role in, while we work at developing other energies that do not require food (corn) to make fuel (ethanol).

We sincerely appreciate any help saving our last herds in Hawaii. The bloodlines, acclimated and selected for generations to thrive in our climate, are irreplaceable. When they're gone-- they're gone.

**Respectfully Yours,
Valerie Kaneshiro**

FaxTools



1612-A Kiloahi Street
Honolulu Hawaii
96819
USA

LATE

Phone: (808)668-2359

Fax: (808)668-1955

Message :

Re: Senate Committe on Agriculture

Please submit my testimony to the Agriculture Committee hearing for March 17, 2011 at 2:55PM in Room 229.

Mahalo,
Phyllis Shimabukuro-Geiser

THE HONOLULU
OFFICE

MAR 17 2 55 PM '11

RECEIVED

From: Mikilua Poultry Farm Inc.
Phyllis Shimabukuro-Geiser

To: Sgt-At-Arms
The Senate

Date: 3/16/2011

Page(s): 3

**MIKILUA POULTRY FARM INC
1612-A KILOHI STREET
HONOLULU, HAWAII 96819**

**The Senate
Committee on Agriculture**

March 17, 2011

**TESTIMONY
HB 1570 HD2**

Chairperson Nishihara, Vice Chair Kahele and Members of the Committee:

Mikilua Poultry Farm Inc is a family owned egg farm founded in 1947. We produce Island Fresh eggs for the entire State of Hawaii. We support HB 1570 HD 2 to assist, revitalize and protect Hawaii's livestock industry from historic feed costs due to low corn inventory, ethanol production, high transportation rates and global demand.

Current corn prices are over \$6.00 per bushel in contrast to the historical norm of \$2.20 per bushel. Corn prices have increased over 50 percent since the 2007 Livestock Revitalization legislation.

The cost of importing feed from the Mainland is approximately 30 percent of the total cost of feed. That makes it hard to compete with eggs from giant farms in Arizona, California, Oregon and Washington whose products are older but cheaper." Farmers cannot pass on 20 percent feed increases to customers without the risk of losing business to cheaper mainland eggs. The price differential is largely due to the shipping rates and fuel surcharges imposed on importing feed. Transportation costs for one (22 ton) container of feed could cost as much as \$3,000.00 or more. According to Matson Navigation and the Honolulu Advertiser, fuel surcharge since 1999 has increased from 0% (1/1/99) to 26.5% (2/27/11).

We would greatly appreciate the support of the Committee on Agriculture for HB1570 HD2 to revitalize Hawaii's livestock industry with grants for two years. We respect the foresight of the Committee to recognize the eminent concern for food security, if the declining trend for livestock production continues. The State of Hawaii has lost local egg production on Hawaii, Maui, and Kauai from 2005 - 2007. Our family farm tried to fill the demand of the neighbor island markets since egg production ceased.

The previous feed grant program of 2007 was a great aid to our farm. We were able to increase our egg production; acquire new equipment; make infrastructural improvements; and most importantly purchase feed to sustain our flock.

I understand the concern for recurring subsidy requests especially during these economic times. The previous feed grant was to serve as a bridge to long term financing. We did not depend on the feed grant alone. Personal sacrifices by the family were made to ensure employment to our loyal employees. However we were impacted by the Department of Budget and Finance's decision to withhold the last \$1 million from the appropriation and that administrative decision in 2009 affected our budget and fiscal projections.

We ask for your support of HB1570 HD2 and thank you for the opportunity to submit our testimony.

Respectfully,
Phyllis Shimabukuro-Geiser
President

05 29 01 347 11



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

2343 Rose Street • Honolulu, Hawaii 96819
Phone: (808) 848-2074 • Neighbor-Islands: (800) 482-1272
Fax: (808) 848-1921 • Email: info@hfbf.org
www.hfbf.org

March 17, 2011

HEARING BEFORE THE
SENATE COMMITTEE ON AGRICULTURE

TESTIMONY ON HB 1570 HD2
RELATING TO AGRICULTURE

Room 229
2:55 PM

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Aloha Chair Nishihara, Vice Chair Kahele and Members of the Committee:

Hawaii Farm Bureau Federation, the largest non-profit agriculture advocacy organization in the state with approximately 1,600 farm and ranch family members is in **strong support** of HB1570 HD2, , the Livestock Feed Subsidy Bill.

Hawaii's livestock industry faces numerous challenges. One of their biggest challenges is the rising cost of feed for livestock production. These costs have been a contributing factor to the decline of the state's livestock industry.

In 2007, there were 5 dairies and 6 egg farms in Hawaii. Since then, 2 of those dairies and 4 off those egg farms have gone out of business. The remaining egg farms and dairies are currently threatened with closure, due to rising production costs. This is primarily due to feed costs.

HB 1570 seeks to revitalize Hawaii's livestock industries by reimbursing qualified livestock producers up to sixty percent of their farm's feed expenses. This bill will help keep fresh, locally produced milk, eggs, beef, pork and chicken available to the residents of Hawaii and will help to revitalize our dwindling livestock industry. A decrease or absence of livestock production increases the State's reliance on the importation of food and threatens the State's food security.

The Hawaii Farm Bureau Federation urges your support and passage of this measure.