

JAN 25 2012

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**A BILL FOR AN ACT**

RELATING TO LIVESTOCK FEED.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The cost of feed for livestock production in  
2 Hawaii can constitute up to seventy per cent of total production  
3 costs, which is in contrast to costs for mainland producers  
4 where feed amounts to nearly fifty per cent of total production  
5 costs. In Hawaii, in 2007, there were five dairies and six egg  
6 farms of significant size, with combined gross annual revenues  
7 of \$26,400,000. Currently, there are only two dairies and four  
8 egg farms of significant size, with combined gross annual  
9 revenues of \$16,250,000. Since 2007, two dairies and four egg  
10 farms have gone out of business primarily due to the rising cost  
11 of feed for livestock animals and the resulting increases in  
12 production costs. Since October 2010, the cost of poultry feed  
13 alone has increased approximately \$60 per ton and is expected to  
14 rise even further.

15           Currently, one dairy and the four remaining egg farms are  
16 threatened by closure. Such closures would heighten the State's  
17 dependence on imported foods and threaten the State's food  
18 security and ability to achieve adequate levels of agricultural

1 self-sufficiency. Self-sufficiency is critical to Hawaii's food  
2 security and ability to respond effectively in the event of  
3 natural disasters or disruptions in transportation.

4       The closure of local dairies and poultry farms also means  
5 that children and adults throughout the State will no longer  
6 have the option of selecting fresh, locally produced milk and  
7 eggs. Consumers have often expressed interest in obtaining  
8 locally produced milk, but unfortunately, the dairies do not  
9 produce enough milk to meet public demand. The public has  
10 expressed a similar interest in island-fresh beef, pork,  
11 chicken, and eggs.

12       Locally produced fresh beef, milk, pork, chicken, and eggs  
13 provide essential nutrition to consumers. Because these kinds  
14 of food are perishable, imported products create a greater risk  
15 of food spoilage and resultant food-borne illnesses because of  
16 the increase in time needed to transport these products from  
17 offshore farms to Hawaii consumers.

18       Without these local agricultural businesses, all beef,  
19 milk, pork, chicken, and eggs would have to be imported into the  
20 State, requiring up to ten days of shipping before being sold to  
21 consumers. An increased shipping time reduces the expected  
22 shelf life of fresh milk and eggs in particular.

1           The purpose of this Act is to create a livestock feed  
2 feasibility pilot project to assess the viability of growing and  
3 processing livestock feed within the State, and implement a  
4 livestock feed program on department of agriculture land.

5           SECTION 2. The department shall implement a livestock feed  
6 feasibility pilot project. The project will research the  
7 viability of and to the extent possible develop a livestock feed  
8 program to be conducted on department of agriculture land as  
9 determined by the chair of the board of agriculture.

10          SECTION 3. (a) After the livestock feed feasibility pilot  
11 project begins operations, the department of agriculture shall  
12 assess the implementation of the pilot project pursuant to  
13 section 2 of this Act and make a report to the legislature by  
14 December 31, 2014.

15          (b) The assessment shall consider the following  
16 information regarding livestock feed growth and processing  
17 outcomes:

- 18           (1) The inputs and infrastructure required for the  
19                processing of livestock feed;  
20           (2) Types of plants for livestock feed use;  
21           (3) Start-up and year to year operational costs of a  
22                livestock feed facility;

S.B. NO. 2695

1 (4) Projected revenue stream of a livestock feed facility;

2 (5) Identify parcels of land to be used for the livestock  
3 feed program; and

4 (6) Identify prospective market for processed feed.

5 (c) The department shall determine whether to continue,  
6 expand, or end the livestock feed feasibility pilot project  
7 based on the results of the department's assessment.

8 SECTION 4. There is appropriated out of the agriculture  
9 development and food security fund the sum of \$1,500,000, or so  
10 much thereof as may be necessary for fiscal year 2012-2013, and  
11 shall be expended by the department of agriculture for the  
12 purposes of this bill.

13 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:



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BY REQUEST

S.B. NO. 2695

**Report Title:**

Livestock Feed Production; Pilot Program

**Description:**

Creates a livestock feed feasibility pilot project to investigate the viability of a livestock feed program on Department of Agriculture land. Effective on approval.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

JUSTIFICATION SHEET

DEPARTMENT: Agriculture

TITLE: A BILL FOR AN ACT RELATING TO LIVESTOCK FEED.

PURPOSE: Create a pilot project to investigate the feasibility of growing and processing livestock within the State, and create a livestock feed program on Department of Agriculture land.

MEANS: Appropriate moneys from the Agriculture Development and Food Security Special Fund to fund the pilot project through the Department of Agriculture.

JUSTIFICATION: The cost of feed for livestock production in Hawaii can constitute up to seventy percent of total production costs, which is in contrast to costs for mainland producers where feed amounts to nearly fifty percent of total production costs. In Hawaii, in 2007, there were five dairies and six egg farms of significant size, with combined gross annual revenues of \$26,400,000. Currently, there are only two dairies and four egg farms of significant size, with combined gross annual revenues of \$16,250,000. Since 2007, two dairies and four egg farms have gone out of business primarily due to the rising cost of feed for livestock animals and the resulting increases in production costs. Since October 2010, the cost of poultry feed alone has increased approximately \$60 per ton and is expected to rise even further.

Currently, one dairy and the four remaining egg farms are threatened by closure. Such closures would heighten the State's dependence on imported foods and threaten the State's food security and ability to

achieve adequate levels of agricultural self-sufficiency. Self-sufficiency is critical to Hawaii's food security and ability to respond effectively in the event of natural disasters or disruptions in transportation.

The closure of local dairies and poultry farms also means that children and adults throughout the State will no longer have the option of selecting fresh, locally produced milk and eggs. Consumers have often expressed interest in obtaining locally produced milk, but unfortunately, the dairies do not produce enough milk to meet public demand. The public has expressed a similar interest in island-fresh beef, pork, chicken, and eggs.

Locally produced fresh beef, milk, pork, chicken, and eggs provide essential nutrition to consumers. Because these kinds of food are perishable, imported products create a greater risk of food spoilage and resultant food-borne illnesses because of the increase in time needed to transport these products from offshore farms to Hawaii consumers.

Without these local agricultural businesses, all beef, milk, pork, chicken, and eggs would have to be imported into the State, requiring up to ten days of shipping before being sold to consumers. An increased shipping time reduces the expected shelf life of fresh milk and eggs in particular.

The pilot project would assess the viability of growing livestock feed in Hawaii and establishing a livestock feed program on Department of Agriculture land to reduce the cost of feed and increase the profitability of local producers of agricultural commodities.

Impact on the public: Would reduce the costs of feed for local livestock producers

to include: beef, pork, dairy, poultry, and aquaculture.

Impact on the department and other agencies:  
Would potentially create a livestock feed program within the Department of Agriculture.

GENERAL FUND: None.

OTHER FUNDS: \$1,500,000 from the Agriculture Development and Food Security Special Fund.

PPBS PROGRAM  
DESIGNATION: AGR 192.

OTHER AFFECTED  
AGENCIES: None.

EFFECTIVE DATE: Upon approval.