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

14           Currently, the four remaining egg farms are threatened by  
15 closure. Such closures would increase the State's dependence on  
16 imported foods and threaten the State's food security and  
17 ability to achieve adequate levels of agricultural self-  
18 sufficiency. Self-sufficiency is critical to Hawaii's food



1 security and ability to respond effectively in the event of  
2 natural disasters or disruptions in transportation.

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

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

18       Without these local agricultural and aquaculture  
19 businesses, all beef, milk, pork, chicken, eggs, fish and  
20 seafood would have to be imported into the State, requiring up  
21 to ten days of shipping before being sold to consumers. An



1 increased shipping time reduces the expected shelf life of these  
2 agricultural commodities.

3 The purpose of this Act is to create a livestock feed  
4 feasibility pilot project to assess the viability of and, to the  
5 extent feasible, begin growing and processing livestock feed  
6 within the State.

7 SECTION 2. The department of agriculture in collaboration  
8 with other research institutions shall implement a livestock  
9 feed feasibility pilot project. The project shall:

10 (1) Explore the viability of producing and processing  
11 livestock feed within the State through scientific  
12 research; and

13 (2) To the extent feasible, produce and process livestock  
14 feed on land as determined by the chairperson of the  
15 board of agriculture.

16 SECTION 3. (a) After the livestock feed feasibility pilot  
17 project begins operations, the department of agriculture shall  
18 assess the implementation of the pilot project pursuant to  
19 section 2 of this Act and submit a report to the legislature no  
20 later than December 31, 2014.



1 (b) The assessment by the department of agriculture shall  
2 consider the following information regarding livestock feed  
3 production and processing outcomes:

- 4 (1) The inputs and infrastructure required for the  
5 processing of livestock feed;
- 6 (2) Types of plants required for livestock feed use;
- 7 (3) Start-up and yearly operational costs of a livestock  
8 feed facility;
- 9 (4) Projected revenue stream of a livestock feed facility;
- 10 (5) Parcels of land to be used for producing and  
11 processing livestock feed; and
- 12 (6) Prospective markets for processed feed.

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

16 SECTION 4. There is appropriated out of the general  
17 revenues of the State of Hawaii the sum of \$250,000 or so much  
18 thereof as may be necessary for fiscal year 2012-2013 for the  
19 livestock feed feasibility pilot project; provided that a  
20 portion of the funds shall be used to serve as matching funds  
21 for a federal construction grant awarded to build a pilot-scale



1 feed mill to assess the operational feasibility of a feed mill  
2 in the State.

3 The sum appropriated shall be expended by the department of  
4 agriculture for the purposes of this Act.

5 SECTION 5. There is appropriated out of the general  
6 revenues of the State of Hawaii the sum of \$250,000 or so much  
7 thereof as may be necessary for fiscal year 2012-2013 for the  
8 agricultural development division of the department of  
9 agriculture to reimburse qualified producers of milk, pork,  
10 eggs, poultry, and beef, for the cost of feed for beef cattle,  
11 dairy cows or goats, hogs, and poultry up to the lesser of  
12 \$200,000 or ten per cent of feed costs incurred; provided that  
13 feed costs shall be limited to only the feed fed to the  
14 qualifying flock or herd and shall not include the feed  
15 purchases for resale or gift, or the cost of transportation to  
16 Hawaii.

17 The appropriation made for the purpose authorized under  
18 this section shall not lapse at the end of the fiscal year for  
19 which the appropriation is made; provided that any balance of  
20 the appropriation that is not encumbered as of June 30, 2014,  
21 shall lapse as of that date.



1           The sum appropriated shall be expended by the department of  
2 agriculture for the purposes of this Act.

3           SECTION 6. This Act shall take effect on July 1, 2012.



**Report Title:**

Livestock Feed Production; Pilot Program; Appropriation

**Description:**

Creates a livestock feed feasibility pilot project to investigate the viability of producing and processing livestock feed in Hawaii. Makes an appropriation for the livestock feed feasibility pilot project and to reimburse livestock producers for feed costs. Allocates a portion of the funds as matching funds for a federal construction grant to build a pilot-scale feed mill. (CD1)

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