
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. Furthermore, funds for the construction of a
7 feed research and pilot production facility by Oceanic Institute
8 may be provided.

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

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

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

18 SECTION 3. (a) After the livestock feed feasibility pilot
19 project begins operations, the department of agriculture shall
20 assess the implementation of the pilot project pursuant to
21 section 2 of this Act and submit a report to the legislature no
22 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. The director of finance is authorized to issue
17 general obligation bonds in the sum of \$1,000,000 or so much
18 thereof as may be necessary for fiscal year 2012-2013 for the
19 livestock feed feasibility pilot project; provided that these
20 funds shall be matched dollar-for-dollar by an appropriation
21 from the agricultural development and food security special
22 fund; and provided further that a portion of the funds shall be



1 used to serve as matching funds for a federal construction grant
2 awarded to build a pilot-scale feed mill to assess the
3 operational feasibility of a feed mill in the State.

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

6 SECTION 5. This Act shall take effect on July 1, 2012.



Report Title:

Livestock Feed Production; Pilot Program

Description:

Creates a livestock feed feasibility pilot project to investigate the viability of producing and processing livestock feed in Hawaii. Authorizes the issuance of general obligation bonds from the Agricultural Development and Food Security Special Fund. Allocates a portion of the funds as matching funds for a federal construction grant to build a pilot-scale feed mill. (S2695 HD1)

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