

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 HOUSE COMMITTEE ON FINANCE

WEDNESDAY, FEBRUARY 24, 2011

11:30 A.M.

CONFERENCE ROOM 308

**HOUSE BILL NO. 1570 H.D.1
RELATING TO AGRICULTURE**

Chairperson Oshiro and Members of the Committee:

Thank you for the opportunity to comment on House Bill No. 1570 H.D.1. 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 supports the intent of 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 this 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.

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

a member of the
Kunia Water Cooperative

TESTIMONY BEFORE THE HOUSE COMMITTEE ON FINANCE

HOUSE BILL 1570, HD1

RELATING TO AGRICULTURE

February 24, 2011

Chairman Oshiro 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, HD1 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.



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

February 24, 2011

TESTIMONY

Re: HB1570 HD1 RELATING TO AGRICULTURE

Chair Oshiro and Members of the Committee:

Hawaii Farm Bureau Federation on behalf of commercial farm and ranch families and organizations in the State is in **STRONG SUPPORT OF HB1570 HD1** providing assistance to livestock producers for feed costs.

Ranchers across the State are moving towards grassfed operations. However, it is work in progress. Time is needed to improve their ability to provide grass throughout the year including drought periods. We need to sustain the industry during this interim period.

We respectfully request your support to move this measure forward with the correction mentioned above. We appreciate this opportunity to provide our opinion on this important matter. If there are questions, please contact Warren Watanabe at 2819718. Thank you.

Waimalu Valley Ranch

PO 2056, Pearl City, HI. 96782, Tel: (808) 852-9663



Support HB 1570

APPROPRIATES FUNDS TO REIMBURSE LIVESTOCK PRODUCERS FOR FEED COSTS. MAKES GOAT FARMERS WITH A HERD OF AT LEAST 25 MILKING GOATS ELIGIBLE FOR THE LIVESTOCK REVITALIZATION PROGRAM. (HB1570 HD1) (\$)

I, Angela Kaaihue, support HB 1570

We need to do more to support Hawaii's Agriculture. It's such a shame to see people buying from the Mainland because it's cheaper. That might not last for long, with rising oil and gas prices, everything will go up. Soon it will be cheaper to buy local.

Goats were introduced way back when Captain Cook discovered Hawaii many many years ago. They were released so that they would multiply and would one day provide Hawaii's people with a viable food source. The goats are now well-established and they raise themselves, yet they are being shot at by the thousands in an island wide eradication effort. It's such a shame to see our animal livestock that supposedly our Hawaii's laws and policies for Food Sustainability protect go to waste. It's like a double edged dagger stabbing our laws and policies. Our food supply of GOATS are gunned down and the carcasses are rotting away in the hot island sun. People claim that these goats are a nuisance and there are too many of them. Instead of shooting these goats dead, why don't they bring them to the right people who know how to market, sale, and distribute. Let's not let these goats go to waste, instead let's put them to good use!!

Goats are in high demand right now. Goats are healthy, and they provide an excellent food source that many of Hawaii's people consider a delicacy. However, I have had my goats stolen, and killed. People trespass at night, break in, and steal my animal livestock. Harsher criminal penalties may have deterred thieves from stealing. I've also had neighbors who have threatened to kill my goats or animals if they wandered into their yard. These are only a few of the problems we are faced with as herders of livestock. Other problems we are faced with are involved with sales and production, and livestock distribution.

Reimbursing costs for feed, or supplies would definitely help alleviate the high cost of supplying people with agriculture livestock, thus helping to sustain Hawaii's food source. Any incentives, special land use permits, tax exemptions, would also be greatly appreciated. Let's not only focus on milking goats, but let's expand these benefits for meat goats as well.

Another big cost and expense in herding goats and other livestock production is the warfage and delivery. Keeping the costs down, and providing livestock herders with special use exceptions would also be greatly appreciated.

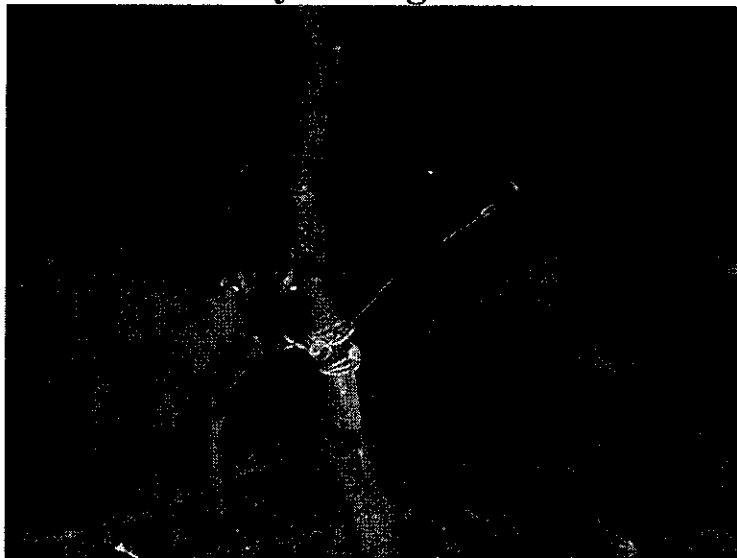
People who help strive to help Hawaii achieve these goals for Food Sustainability should be provided the necessary support to protect Hawaii's livelihood.

The 3 necessities & essential for survival:

FOOD-SHELTER-CLOTHING

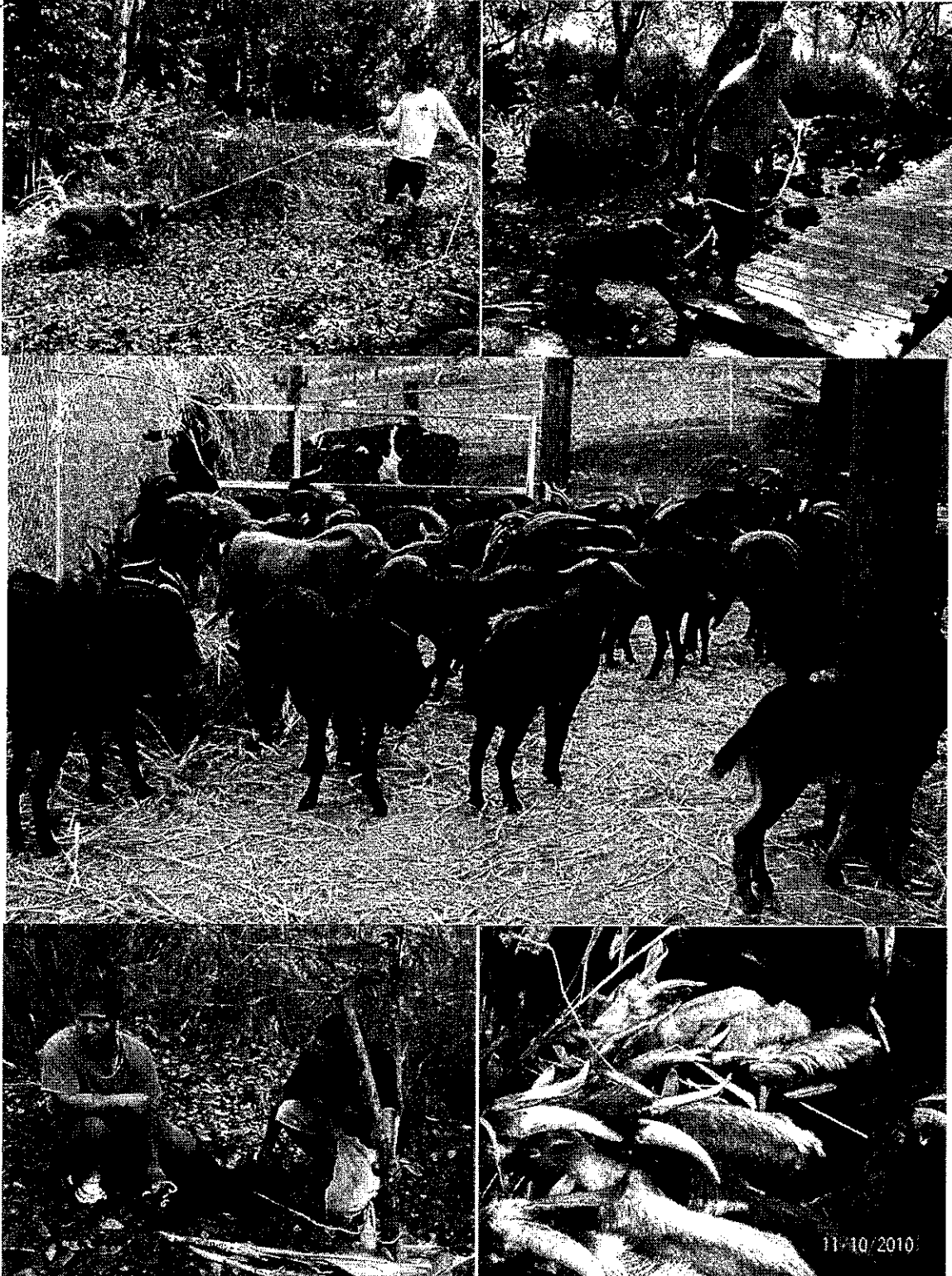
"Without these, we would not survive!"

Testimony of Angela Kaaihue

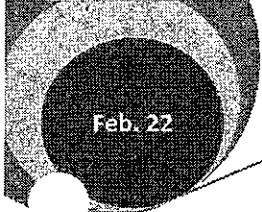


Feb. 22

RELATING TO AGRICULTURE



These pictures show that GOATS need to be protected by Hawaii's Law and Policies. Goats are a food source, and can help to Sustain Hawaii's food supply, and thus making Hawaii less dependant on imported foods. Let's stop gunning them down!!



Feb. 22

RELATING TO AGRICULTURE

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

**House of Representatives
Committee on Finance**

February 24, 2011

**TESTIMONY
HB 1570 HD1**

Chairperson Oshiro and members of the Committee on Finance:

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 1 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 \$6.90 per bushel in contrast to the historical norm of \$2.20 per bushel. Corn prices have increased over 40 percent since the 2007 Livestock Revitalization legislation.

The cost of importing feed grains from the Mainland is approximately 30 percent of the total 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 18 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 greatly appreciate the support of the Committee on Finance for HB1570 HD1 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.

The previous feed grant program of 2007 was a great aid to our farm. We were able to increase our egg production in 2010; acquire new equipment; make infrastructural improvements; and most importantly purchase feed to sustain our flock.

If we were to amend the bill based on previous experience with the 2007 revitalization feed program, we would suggest replacing the \$250,000 dollar cap with a percentage cap

for the feed grant. A percentage cap would be fairer to all producers regardless of size. Every eligible farmer would received the same percentage of feed grant funds. The previous dollar cap tilted the benefit to farms with smaller feed purchases and production. For example:

Farm A has 15,000 chickens and receives 100% of its eligible feed grant because its feed cost limit is under the \$250,000 cap.

Farm B has 60,000 chickens and receives 54% of its eligible feed grant because its feed cost limit is over the \$250,000 cap.

If the other intent to HB1570 HD1 is sustainability, farms producing the highest levels for Hawaii consumers through supermarket (retail) outlets should receive the same percentage of its feed cost through the feed grant program as other farms who engage in on-farm sales.

We ask for your support of HB1570 HD1 and thank you for the opportunity to submit our testimony.

Respectfully,
Phyllis Shimabukuro-Geiser
President

February, 23, 2011

To: Representative Marcus Oshiro, Chairman
Representative Marilyn B. Lee, Vice Chair
Members of the Finance Committee

Re: **House Bill 1570 HD 1: Finance Committee**

Date: Thursday, February 24, 2011

Time: 11:30 am

Place: Conference Room 308

State Capitol

415 South Beretania Street

My name is Sharon Peterson Cheape of Peterson's Upland farm and I work on the family egg farms located in Wahiawa and Kipapa. I am also the Vice President of the Hawaii Egg Producers Cooperative which represent 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 Feed Subsidy 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 be in business nor have been able to celebrate our 100 year anniversary in 2010 had we not received the subsidy.

The funds we received were used for purchasing poultry feed, new equipment, and to increase our flock size. The subsidy greatly helped us face the challenge of seeing a 65 dollar increase per ton on feed purchased. We would not have been able to handle this feed increase without this funding. Before the subsidy we were spending countless hours on maintenance and repair on worn out egg collectors and feed systems. With our new equipment we are now able to focus our time and energy on other areas of our farm. Our flock size had fallen seriously behind and with subsidy monies we have been able to bring it back to an acceptable level. The Feed Subsidy has therefore increased our efficiency and sustainability.

Local livestock farmers assume the challenging task of feeding our communities in the midst of ever-rising grain and fuel costs. The economics of this scenario have favored imports causing a great reduction in our local food supply and getting our island further away from our goals of sustainability and food security.

The revitalization of the Feed Subsidy Bill is necessary for our states future in poultry and livestock agriculture. The Feed Subsidy Bill in 2007 helped immensely in our farm's efficiency and productivity but there are still so many more steps to take to ensure the survival of our local farms. Your help will not only aid in the preservation of agriculture but in the enrichment of our ohana, our communities, and our islands of Hawaii.

My biggest fear is that all four remaining poultry farms will shut down and future generations will not be able to experience and benefit from the products and the culture of this treasured lifestyle. Once a farm closes it is virtually impossible to rebuild, which is why HB 1570 HD 1 is so vital. Therefore I passionately ask for your support in passing HB 1570 HD1 and I thank you for your support of agriculture and the opportunity to submit this testimony.

Respectfully Yours,

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

February 23,2011

To: Representative Marcus Oshiro, Chairman
Representative Marilyn B. Lee, Vice Chair
Members of the Finance Committee

Re: **House Bill 1570 HD 1: Finance Committee**

Date: Thursday, February 24, 2011

Time: 11:30 am

Place: Conference Room 308

State Capitol

415 South Beretania Street

Dear Sirs,

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.

Thank You

Glenn Shinsato

47-375 Kapehe Street

Kaneohe Hawaii 96744

February, 23, 2011

February, 23, 2011

To: Representative Marcus Oshiro, Chairman
Representative Marilyn B. Lee, Vice Chair
Members of the Finance Committee

Re: **House Bill 1570 HD 1: Finance Committee**

Date: Thursday, February 24, 2011
Time: 11:30 am
Place: Conference Room 308
State Capitol
415 South Beretania Street

Dear Chairman Marcus Oshiro and members of the 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 HD1 with its intent and purpose.

Respectively submitted,

Jeffrey A. Peterson

February 24, 2011

TO: Finance Committee
State House of Representatives

RE: House Bill No. 1570

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 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 successful. The subsidy was a tremendous aid to my business. It enabled me to afford the weekly feed purchases and gave me an opportunity to invest in equipment to improve operations and to continue farming.

I believe this House Bill demonstrates the State's commitment to support agriculture, albeit only for feed, by assisting farmers who are part of the State's vision for sustainability. It will also encourage farmers to stay in business by providing some financial support. I therefore urge passage of this bill.

Respectfully submitted,

Roy Kaneshiro

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 23, 2011 1:51 PM
To: FINTestimony
Cc: web@cartoonistforchrist.org
Subject: Testimony for HB1570 on 2/24/2011 11:30:00 AM

Testimony for FIN 2/24/2011 11:30:00 AM HB1570

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Lee McIntosh
Organization: Individual
Address:
Phone:
E-mail: web@cartoonistforchrist.org
Submitted on: 2/23/2011

Comments:

Mr. Chair and Members of the Committee on Finance:

Aloha, my name is Lee McIntosh. I live in Kau on the Big Island. I am not in favor of HB 1570, which appropriates funds for livestock feed. This bill should not be passed because it contributes to the deficit. Instead, the Legislature should look at either exempting these operations from the GET, or examine the regulations and permits that drive up the costs for these operations to do business in Hawaii. What about all the other struggling industries in Hawaii? Will the Legislature provide grants for them, as well? Now is not the time to be handing out grants! Thank you for the opportunity to testify on HB 1670.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 24, 2011 8:03 AM
To: FINTestimony
Cc: dan.nellis@dole.com
Subject: Testimony for HB1570 on 2/24/2011 11:30:00 AM

Testimony for FIN 2/24/2011 11:30:00 AM HB1570

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: Daniel Nellis
Organization: Dole Food Company Hawaii
Address:
Phone:
E-mail: dan.nellis@dole.com
Submitted on: 2/24/2011

Comments:

Dole Food Company Hawaii supports HB1570 and the livestock revitalization program. We have several tenant farmers that our livestock producers and we support all efforts to develop and sustain diversified agriculture including livestock production in the state of Hawaii. Hawaii food security is dependent on the successful operation of crop and livestock production by local farmers. This bill will provide an opportunity for farmers to overcome high cost of production associated with livestock feed costs and produce a competitively priced consumer product.

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Thursday, February 24, 2011 7:54 AM
To: FINTestimony
Cc: eric@bellosmillwork.com
Subject: Testimony for HB1570 on 2/24/2011 11:30:00 AM

Testimony for FIN 2/24/2011 11:30:00 AM HB1570

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: Eric Bello
Organization: Individual
Address:
Phone:
E-mail: eric@bellosmillwork.com
Submitted on: 2/24/2011

Comments:

My name is Eric Bello and I am writing this note in support of HB1570. My family owns and operates a egg production farm on Oahu. It has been in operation providing jobs and producing fresh eggs for over 100 years. The bill passed successfully in 2007 was pivotal in the survival of our family farm. With feed prices currently at an all time high we again humbly ask for the support of our government to weather this "storm". We did not use the monies in the last round to just hold ground, but instead to improve operations through more efficient equipment and facilities. We understand that we must be efficient to survive. Our goal is to continue to provide locally produced fresh wholesome eggs for local consumers. We want to be an integral part of this states food security. We feel with some help through this historic period of high feed costs that we can continue on in this enterprise.

Sincerely,
Eric Bello

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 24, 2011 6:01 AM
To: FINTestimony
Cc: valeriekaneshiro@mac.com
Subject: Testimony for HB1570 on 2/24/2011 11:30:00 AM
Attachments: HB 1570 Livestock Revitalization Program.doc.pages

Testimony for FIN 2/24/2011 11:30:00 AM HB1570

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: Valerie Kaneshiro
Organization: Individual
Address:
Phone:
E-mail: valeriekaneshiro@mac.com
Submitted on: 2/24/2011

Comments: