

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 AGRICULTURE

WEDNESDAY, FEBRUARY 9, 2011

10:00 A.M.

CONFERENCE ROOM 312

**HOUSE BILL NO. 1570
RELATING TO AGRICULTURE**

Chairperson Tsuji and Members of the Committee:

Thank you for the opportunity to comment on House Bill No. 1570. 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.

Thank you for the opportunity to testify on this bill.



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 7, 2011

TESTIMONY

Re: HB1570 RELATING TO AGRICULTURE

Chair Tsuji 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** 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 a correction within the measure:

The definition of “Qualified Producer” (page 3-4, Section 2, #1), adds the new language “or one hundred lactating milking goats;”. The number should be twenty five (25) not one hundred.

(1) Milk from a herd, located in Hawaii, of not less than three hundred fifty cows[;] <u>or -twenty five lactating milking goats;</u>

This correction will provide consistency with page 4, Section 3, #4e, where “Twenty-five lactating milking goats;” is cited.

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.

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

**House of Representatives
Committee on Agriculture**

February 9, 2011

**TESTIMONY
HB 1570**

Chairperson Tsuji and members of the Committee on Agriculture:

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 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 \$6.70 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 Agriculture for HB1570 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 maintain our egg production; 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

LATE TESTIMONY

for the feed grant. A percentage cap would be fairer to all producers regardless of size. The previous dollar cap tilted the benefit to farms with smaller feed purchases and production. If the other intent to HB1570 is sustainability, farms contributing the highest levels for Hawaii consumers through supermarket outlets should be eligible for the same percentage grant cap as other farms who engage in on-farm sales.

We thank you for your support and the opportunity to submit our testimony.

Respectfully,
Phyllis Shimabukuro-Geiser
President