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HB1384

Submitted on: 2/6/2013

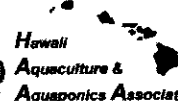
Testimony for AGR on Feb 7, 2013 09:15AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Phyllis Shimabukuro-Geiser	Mikilua Poultry Farm Inc	Support	No

Comments:

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Local Food Coalition



HOUSE COMMITTEE ON AGRICULTURE

Thursday, February 7, 2013 9:15 a.m. Room 312

HB 1384 RELATING TO AGRICULTURE

Amends the important agricultural land qualified agricultural cost tax credit by changing the tax credit cap to \$6,000,000 per year for the 2013 tax year and \$7,000,000 per year for the 2014 and 2015 tax years, and \$7,500,000 per year thereafter. Creates a livestock feed tax credit from 1/1/2013 to 12/31/2013. Creates livestock feed development tax credit from 1/1/2014 to 12/31/2015.

Chair Wooley, Vice Chair Onishi, and Members of the Committee:

My name is Dean Okimoto, and I represent the Local Food Coalition on this matter.

The Local Food Coalition (LFC) brings together farmers, ranchers, livestock producers, investors and other leading organizations, who collectively manage more than 1 million acres of land, and produce the majority of food in our state. Solving our challenge of increasing the local food supply — putting more local food on local plates — can best be accomplished by bringing people and organizations together who can work on the entire food value chain in a systematic way.

The Local Food Coalition strongly supports HB 1384.

As Hawaii seeks to increase its' level of self sufficiency and sustainability the need for expanded infrastructure and resources to support agriculture along with long overdue maintenance of existing infrastructure become very apparent. Without these investments agriculture cannot grow. There are two options. Public sector financed infrastructure development OR incentivized private investments. During these difficult budget times, depending on the State or Counties to totally finance these projects is unreasonable given the various demands already facing the various agencies. A partnership to reach our mutual goals is reasonable.

As the concept of IAL was born in Hawaii (which by the way, is unique in the nation), the crafters of the measure which included representatives from the public and private sector, were extremely sensitive that the designation does not bet interpreting as a "taking". An incentive process was created to encourage the landowners to designate while investing in the designated lands so viable agriculture – the ultimate goal of IAL

could occur. Let's not forget that without farmers and ranchers on the land, IAL is merely open space and does not fulfill the intent of our Constitutional Mandate to preserve and protect IAL to provide for levels of self sufficiency for the people of Hawaii. It must be remembered that lands designated as IAL lose their development potential and in reality result in a loss to the landowner of borrowing capacity when they go to the bank. These incentives are critical to encourage designation and investments.

Since the inception of IAL, and as livestock interests such as Parker Ranch have designated their lands, there have often been questions about the designation of ranch lands. Yet, if Hawaii wants local meats and poultry products, some designation should occur. Affordable and reliable livestock feed has been a problem especially during droughts. This measure seeks to utilize a portion of the IAL tax credits currently authorized in law to provide a temporary safety net for livestock producers and incentivize the production of local feed. This does not require that the livestock producers be on IAL land. It is a measure helping hand recognizing that the ultimate purpose of IAL is to increase Hawaii's agriculture capacity. The amount of the tax credits allowed by this measure is subtracted from the currently authorized IAL tax credits so does not incur additional impacts to the budget.

Thank you for the opportunity to testify in strong support on this matter of great importance to Hawaii's farmers and ranchers.



Hawaii Cattlemen's Council, Inc.

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HOUSE COMMITTEE ON AGRICULTURE
Thursday February 07, 2013 9:15 pm Room 312

HB 1384 RELATING TO AGRICULTURE

Amends the important agricultural land qualified agricultural cost tax credit by changing the tax credit cap to \$6,000,000 per year for the 2013 tax year and \$7,000,000 per year for the 2014 and 2015 tax years, and \$7,500,000 per year thereafter.

Creates a livestock feed tax credit from 1/1/2013 to 12/31/2013.

Creates livestock feed development tax credit from 1/1/2014 to 12/31/2015.

Appropriates funds for staffing and consulting expenses.

Chair Wooley, Vice Chair Onishi and Members of the Committees:

My name is Alex Franco; I'm a beef processor on Maui and President of the Hawaii Cattlemen's Council. The Hawaii Cattlemen's Council, Inc. (HCC) is a statewide organization comprised of five county level Cattlemen's Associations with more than 130 members and occupies approximately 25% of the State's total land mass.

The Hawaii Cattlemen's Council strongly supports HB 1384

Feed cost has gotten out of control for Hawaii's Livestock industry. On going drought conditions over the last eight years in Hawaii has forced many producers to supplement feed animals with high feed cost associated with the devastating Mid West drought. This has acted as a double edge sword for Hawaii's livestock industry in controlling cost, which according to USDA it will continue into 2013.

In order for Hawaii's livestock producers to meet these much higher-than-normal feed costs, a feed tax credit, as provided for in Section 1 of this bill, is needed.

Furthermore, Section 2 deals with a Livestock Feed Development Tax Credit, which we strongly support, as it will go a long ways in making Hawaii's livestock industry self sufficient.

HCC also supports extending Section 1 and Section 2 grant program to include goats, sheep and aquaculture/aquaponics farmers.

Thank you for allowing me to submit this testimony.