



Hawaii Farm Bureau
F E D E R A T I O N

2343 Rose Street • Honolulu, Hawaii 96819
Phone: (808) 848-2074 • Neighbor-Islands: (800) 482-1272
Fax: (808) 848-1921 • Email: info@hfbf.org
www.hfbf.org

February 25, 2013

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON HB 487, HD1
RELATING TO AGRICULTURE

Room 308
11:00 AM

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and Members of the Committee:

I am Dean Okimoto, President of the Hawaii Farm Bureau Federation (HFBF). Organized since 1948, the HFBF is comprised of 1,950 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community.

HFBF is in strong support of HB 487, HD1 which provides funds to allow qualified beef cattle, dairy, hog, poultry, goat, sheep, fish, and crustacean farms to apply for funds for their farm's feed expenses.

Hawaii's livestock industry faces numerous challenges. One of their biggest challenges is the rising cost of feed for livestock production. These costs have been a contributing factor to the decline of the state's livestock industry.

In 2007, there were 5 dairies and 6 egg farms in Hawaii. Since then, 3 those dairies and 4 off those egg farms have gone out of business. The remaining egg farms and another dairy are currently threatened with closure, due to rising production costs. Primarily due to feed costs.

HB 487, HD1 seeks to revitalize Hawaii's livestock industries by reimbursing qualified livestock producers up to sixty percent of their farm's feed expenses. This bill will help keep fresh, locally produced milk, eggs, beef, pork, poultry, sheep, goat, fish, and crustaceans available to the residents of Hawaii and will help to revitalize our dwindling livestock industry. A decrease or absence of livestock production increases the State's reliance on the importation of food and threatens the State's food security.

Thank you for this opportunity to provide our opinion on this important matter.



Local Food Coalition

HOUSE COMMITTEE ON FINANCE
Monday, February 25, 2013 11:00 a.m. Room 308

HB 487, HD1 RELATING TO AGRICULTURE

Expands livestock feed subsidies to include sheep, lamb, fish and crustaceans. Appropriates funds.

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, 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 487, HD1.

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Email: communications@uluponoinitiative.com

HOUSE COMMITTEE ON FINANCE
Monday, February 25, 2013 — 11 a.m. — Room 308

Ulupono Initiative Supports HB 487 HD1, Relating to Agriculture

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee:

My name is Kyle Datta and I am General Partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase renewable energy, and reduce/recycle waste. Ulupono invests in projects that have the potential to create large-scale, innovative change.

Ulupono is testifying **strongly in favor** of SB 487 HD1, which would extend the livestock feed subsidy to help Hawai'i farms hit hard by the recent drought in Hawai'i and the Midwest. The bill would disburse up to \$200,000 or 15 percent of anticipated feed costs for sheep, goat, cattle, dairy, hog, poultry, fish, and crustacean farms. The subsidy is needed for Hawai'i's livestock producers to break even due to much higher-than-normal feed costs resulting from the devastating Midwest drought, which increased prices another 20 percent since last year. According to the USDA, corn prices have risen 97 percent since the 2009 season, the last year of stable feed prices.

Feed costs for livestock production in Hawai'i can comprise 70 percent of production cost, compared to 50 percent for Mainland producers, which has contributed to the decline of the local livestock industry. While the industry works to create more homegrown feed, the subsidy is needed to help sustain the industry through these drought-stricken times. Funding for this measure can come from a modest shift in the barrel tax.

The \$3 million annual cost of this measure should be compared to its benefits. If the support were removed before the industry had created alternative local feed, the tax revenues that the livestock industry provides would be lost. For example, what would be the consequence if just ONE of the industries supported by this measure failed?

Hawai'i's struggling egg industry is the most vulnerable and reported farm gate revenue of \$8.7 million (2008), which translates to direct and indirect economic impact to the State of \$16.53 million annually, another \$4.3 million direct to farmer revenue; \$0.55 million in state tax revenue annually. Thus, if we support the livestock industry, we get \$500,000 EVERY YEAR in revenue back to the State from the poultry industry alone. The numbers are correspondingly higher when the entire industry that this bill supports is considered.

If the Hawai'i egg industry were to lose the battle to survive, these economic benefits would be lost, along with the rich tradition of generations of farmer experience. When we lose the people that know how to manage the



business, we lose the ability to bring the business back. We often lose the infrastructure the industry manages. Restoring an industry takes millions of new investment, far higher than maintaining it.

Ulupono has joined with a diverse group of organizations who have come together for the first time as the Local Food Coalition to support proposals designed to help grow more local food. The coalition brings together farmers, ranchers, livestock producers, investors and other organizations. The idea is that 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.

We believe that working together we can help produce more local food, support an economically strong homegrown agriculture industry, which strengthens our community with fresh, healthy food. Thank you for this opportunity to testify.

Respectfully,

Kyle Datta
General Partner

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, February 23, 2013 11:55 PM
To: FINTestimony
Cc: kauaisimon@gmail.com
Subject: Submitted testimony for HB487 on Feb 25, 2013 11:00AM

HB487

Submitted on: 2/23/2013

Testimony for FIN on Feb 25, 2013 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Simon Russell	Individual	Support	No

Comments: Aloha Kakou Honorable Representatives, Thank you for including alternate livestock in HB 487, this will help diversify our agriculture. This subsidy, while expensive, will alleviate the cost of the feed for our livestock. Please make an amendment that states that only Hawaii based farms can receive this subsidy though. Respectfully Submitted, Simon Russell Farmer Haiku, Maui

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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