

**NEIL ABERCROMBIE**  
Governor



**RUSSELL S. KOKUBUN**  
Chairperson, Board of Agriculture

**SCOTT E. ENRIGHT**  
Deputy to the Chairperson

State of Hawaii  
**DEPARTMENT OF AGRICULTURE**  
1428 South King Street  
Honolulu, Hawaii 96814-2512  
Phone: (808) 973-9600 FAX: (808) 973-9613

**TESTIMONY OF RUSSELL S. KOKUBUN  
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEE ON AGRICULTURE**

**MARCH 14, 2013  
9:35 A.M.  
ROOM 312**

**SENATE BILL NO 593 SD2  
RELATING TO AGRICULTURE**

Chairperson Wooley and Members of the Committee

Thank you for the opportunity to testify on Senate Bill No. 593 SD2. This bill specifically provides general funds to qualified farms for the cost of feed for livestock animals, fish and crustaceans which would only be a short term mitigation measure. The Department supports this bill provided that the funding for implementation remains as general funds as stipulated in SD 2.

It is true that the rising cost of feed has a significant impact on the production costs for our local protein producers. Currently, only four egg farms and two major milk dairies remain. Additionally, our ranching community is also wrestling with the problems associated with higher feed costs. They are being threatened by closure which would heighten the State's dependence on imported foods and threaten the State's food security and self-sufficiency. Hawaii's livestock industry must be supported to ensure protein production in the long term.

With legislative support in the 2012 session, the department has finalized the contract on a pilot feed mill project per Act 122, SLH 2012, which helps to assess the viability of growing livestock feed in Hawaii and look to reducing the cost of feed and



increase profitability of our local protein producers in the long-term. In addition, please also consider providing incentives to those who will grow and develop traditional livestock feed.

Thank you for the opportunity to provide testimony on this measure.



THE HOUSE  
THE TWENTY-SEVENTH LEGISLATURE  
REGULAR SESSION OF 2013

COMMITTEE ON AGRICULTURE  
Rep. Jessica Wooley, Chair  
Rep. Richard H.K. Onishi, Vice Chair

DATE: Thursday, March 14, 2013  
TIME: 9:30 a.m.  
PLACE: Conference Room 312  
State Capitol  
415 South Beretania Street

**RE: Testimony in strong support of SB 593 SD2 RELATING TO AGRICULTURE**

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

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

The Hawaii Aquaculture and Aquaponics Association representing aquaculture and aquaponics producers and researchers statewide strongly supports SB 593 SD2.

A devastating drought has decimated the grain harvests in at least four Midwestern states this past year resulting in rapid increases in grain and livestock feed prices. Transportation costs are at an all-time high. Aquaculture and other livestock producers dependent on such imported feeds are experiencing significant feed price increases, and such increases are projected by the USDA Farm Service Agency to continue for the rest of 2013 until the next successful grain harvest. In the meantime, farmers and ranchers can expect to pay much higher than normal prices for imported feeds. In order for Hawaii's aquaculture and livestock producers to meet these essential but rapidly rising feed costs, a feed subsidy is badly needed.

As section 1 of this bill indicates: With financial support, the livestock industry (including aquaculture) will be able to continue to make investments in modern equipment, expand production, and develop new markets and products. This financial support will serve a public purpose by enabling the Hawaii livestock industry to stabilize its operations, thereby contributing to food security and increasing the competitiveness of the local livestock industry with mainland and foreign suppliers.

Again we strongly support this measure and appreciate the opportunity to provide supportive testimony.

Ron Weidenbach  
HAAA President

**onishi1-Jerry**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, March 13, 2013 2:14 PM  
**To:** AGRtestimony  
**Cc:** moh-fukushima@landolakes.com  
**Subject:** \*Submitted testimony for SB593 on Mar 14, 2013 09:30AM\*

**SB593**

Submitted on: 3/13/2013

Testimony for AGR on Mar 14, 2013 09:30AM in Conference Room 312

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Myra	Individual	Support	No

Comments:

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**onishi1-Jerry**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, March 13, 2013 8:33 AM  
**To:** AGRtestimony  
**Cc:** mcortado77@hotmail.com  
**Subject:** Submitted testimony for SB593 on Mar 14, 2013 09:30AM

**SB593**

Submitted on: 3/13/2013

Testimony for AGR on Mar 14, 2013 09:30AM in Conference Room 312

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Minda Takaki	Mali Moa, LLC	Support	No

Comments: WE HIGHLY SUPPORT THIS BILL.

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**Sent:** Wednesday, March 13, 2013 3:12 PM  
**To:** AGRtestimony  
**Cc:** mfari@landolakes.com  
**Subject:** \*Submitted testimony for SB593 on Mar 14, 2013 09:30AM\*

**SB593**

Submitted on: 3/13/2013

Testimony for AGR on Mar 14, 2013 09:30AM in Conference Room 312

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Marylo Farinas	Individual	Support	No

Comments:

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, March 13, 2013 1:23 PM  
**To:** AGRtestimony  
**Cc:** mailimoa@msn.com  
**Subject:** Submitted testimony for SB593 on Mar 14, 2013 09:30AM  
**Attachments:** Feed Subsidy 2013 Testimony

**SB593**

Submitted on: 3/13/2013

Testimony for AGR on Mar 14, 2013 09:30AM in Conference Room 312

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Mark Takaki	Maili Moa LLC	Support	No

Comments: I STRONGLY SUPPORT THIS SB593 BILL.

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Email: [communications@uluponoinitiative.com](mailto:communications@uluponoinitiative.com)

HOUSE COMMITTEE ON AGRICULTURE  
Thursday, MARCH 14, 2013 — 9:30 a.m. — Room 312

**Ulupono Initiative Strongly Supports SB 593 SD2, Relating to Agriculture**

Chair Wooley, Vice Chair Onishi 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 593 SD2, 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

**onishi1-Jerry**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, March 13, 2013 3:03 PM  
**To:** AGRtestimony  
**Cc:** jmtorricermakiya@landolakes.com  
**Subject:** \*Submitted testimony for SB593 on Mar 14, 2013 09:30AM\*

**SB593**

Submitted on: 3/13/2013

Testimony for AGR on Mar 14, 2013 09:30AM in Conference Room 312

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jonelle Makiya	Individual	Support	No

Comments:

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**onishi1-Jerry**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, March 13, 2013 12:02 PM  
**To:** AGRtestimony  
**Cc:** jscorbin@aol.com  
**Subject:** Submitted testimony for SB593 on Mar 14, 2013 09:30AM

**SB593**

Submitted on: 3/13/2013

Testimony for AGR on Mar 14, 2013 09:30AM in Conference Room 312

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
John C	Individual	Support	No

Comments: This is a proactive action to address a current critical issue for terrestrial and aquatic live stock producers. It deserves support.

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**onishi1-Jerry**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, March 13, 2013 1:35 PM  
**To:** AGRtestimony  
**Cc:** alohajefferpeterson@gmail.com  
**Subject:** \*Submitted testimony for SB593 on Mar 14, 2013 09:30AM\*

**SB593**

Submitted on: 3/13/2013

Testimony for AGR on Mar 14, 2013 09:30AM in Conference Room 312

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jeffrey Peterson	Individual	Support	No

Comments:

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# HOUSE COMMITTEE ON AGRICULTURE

MARCH 14, 2013 9:30 a.m. Room 312

## **SB 593 SD2 RELATING TO AGRICULTURE**

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

Testimony on SB 593

Halina M. Zaleski

I support SB 593 SD2 in general, but urge that the measure be amended to expand eligibility to swine farms of 20 or more sows.

The measure is important to address extremely high feed costs as a result of drought on the mainland.

In the Swine Task Force Report. In: Protecting the Livestock Industry in Hawai`i, Hawai`i Department of Agriculture, December, 2007, the swine industry recommended that:

“To ensure equitable assistance to both smaller and larger farms, government programs, such as the feed subsidy, should be based on a proportion of gross hog sales income. Most swine producers start small and expand gradually, so having a pool of viable small farms is important to the long-term sustainability of the industry.”

The report noted that:

“There is a high threshold for getting help, for example, the feed subsidy only applies to farms with over 50 sows. On the other hand, the threshold for regulations and for being deemed commercial is much lower. Programs need to take into consideration that swine farms in Hawaii are small family farms with limited land and limited cash resources. Local farms lack economies of scale.”

There are very few swine farms in Hawaii that have 50 or more sows, and there is only one farm that large on the neighbor islands. While swine farms on Oahu have access to abundant food waste that can be fed to pigs, there is a shortage of food waste on the neighbor islands, particularly on Hawaii and Molokai. The 50 sow eligibility threshold thus not only limits eligibility to a small number of the largest swine producers, but it strongly discriminates against swine production on the neighbor islands. A 20 sow eligibility threshold would be much more reasonable, and would provide more effective assistance to the swine industry. It is worth noting that almost all of the larger swine farms started out small, so encouragement for small swine farms is very important to the future of the industry.

**onishi1-Jerry**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, March 12, 2013 8:58 PM  
**To:** AGRtestimony  
**Cc:** lumbette@hawaii.rr.com  
**Subject:** Submitted testimony for SB593 on Mar 14, 2013 09:30AM

**SB593**

Submitted on: 3/12/2013

Testimony for AGR on Mar 14, 2013 09:30AM in Conference Room 312

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Fred Lum	Individual	Comments Only	No

Comments: I support the bill.

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**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](mailto:info@hfbf.org)  
[www.hfbf.org](http://www.hfbf.org)

March 14, 2013

HEARING BEFORE THE  
HOUSE COMMITTEE ON AGRICULTURE

TESTIMONY ON SB 593, SD2  
RELATING TO AGRICULTURAL LOANS

Room 312  
9:30 AM

Chair Wooley, Vice Chair Onishi, 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 SB 593, SD2 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.

SB 593, SD2 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.

**onishi1-Jerry**

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**SB593**

Submitted on: 3/13/2013

Testimony for AGR on Mar 14, 2013 09:30AM in Conference Room 312

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
David Langdon	Individual	Support	No

Comments:

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**onishi1-Jerry**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, March 13, 2013 4:16 AM  
**To:** AGRtestimony  
**Cc:** ctamaru@hawaii.edu  
**Subject:** Submitted testimony for SB593 on Mar 14, 2013 09:30AM

**SB593**

Submitted on: 3/13/2013

Testimony for AGR on Mar 14, 2013 09:30AM in Conference Room 312

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Clyde S. Tamaru	Individual	Support	No

Comments: In aquaculture enterprises feed is the second highest cost to farmers after labor.. More important is that 100% of the feed available to aquaculture farmers is imported making it vulnerable to fluxes in fuel prices and outside pressures that can challenges local enterprises. For those reasons stakeholders in Hawaii need the support to be provided by SB593 and the reason I am in support of the bill.

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**onishi1-Jerry**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, March 12, 2013 8:34 PM  
**To:** AGRtestimony  
**Cc:** beruffino@yahoo.com  
**Subject:** Submitted testimony for SB593 on Mar 14, 2013 09:30AM

**SB593**

Submitted on: 3/12/2013

Testimony for AGR on Mar 14, 2013 09:30AM in Conference Room 312

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Bianca Ruffino	Individual	Support	No

Comments: I am an aquaponics farmer aiming to bring local organic produce to the community at low cost. If the burden of high feed costs dissipates I can lower product costs.

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## Hawaii Cattlemen's Council, Inc.

P O Box 437199 Kamuela HI 96743  
Phone (808) 885-5599 • Fax (808) 887-1607  
e-mail: [HCattlemens@hawaii.rr.com](mailto:HCattlemens@hawaii.rr.com)

### HOUSE COMMITTEE ON AGRICULTURE

MARCH 14, 2013 9:30 a.m. Room 312

#### **SB 593 SD2 RELATING TO AGRICULTURE**

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

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

My name is Alan Gottlieb, and I am a rancher and the Government Affairs Chairperson of the Hawaii Cattlemen's Council. The Hawaii Cattlemen's Council, Inc. (HCC) is the Statewide umbrella organization comprised of the five county level Cattlemen's Associations. Our 130+ member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of approximately 25% of the State's total land mass.

The Hawaii Cattlemen's Council strongly supports SB 593 SD 2.

Subsidies are often a dirty word. One might argue that farmers get used to subsidies and then expect them year after year. However, this year is particularly urgent for our Hawaii Livestock Producers. In particular, a devastating drought has decimated this year's grain harvests in at least four Midwestern states resulting in rapid increases in grain and livestock feed prices. Livestock producers dependent on such imported feeds are experiencing significant feed price increases and such increases are projected by the USDA Farm Service Agency to continue for the rest of 2013 until the next successful grain harvest. In the meantime, farmers and ranchers can expect to pay premium prices for imported grains and feeds. In order for Hawaii's livestock producers to meet these much higher-than-normal feed costs, a feed subsidy is needed.

As section 1 of this bills states: "With financial support, the livestock industry will be able to continue to make investments in modern equipment, expand and improve herds and flocks, and develop new markets and products. This financial support will serve a public purpose by enabling the livestock industry to stabilize its operations, thereby contributing to food security and increasing the competitiveness of the local livestock industry with mainland suppliers."

There are a number of projects locally to develop local feed sources from by-products from energy and/or bio-fuel, and to grow feed locally. There is hope for the future with these local sources, IF the livestock industry is still around to benefit from them. Without subsidies in the short term, we are afraid we will continue to lose livestock farms, like we have seen in the Chicken, Egg and Dairy industries in Hawaii.

We appreciate this opportunity to provide testimony on this matter.