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Governor

SHAN S. TSUTSUI
Lt. Governor



State of Hawaii
DEPARTMENT OF AGRICULTURE
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SCOTT E. ENRIGHT
Chairperson, Board of Agriculture

PHYLLIS SHIMABUKURO-GEISER
Deputy to the Chairperson

TESTIMONY OF SCOTT E. ENRIGHT
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON FINANCE

February 25, 2016
11:00 A.M.
CONFERENCE ROOM 308

HOUSE BILL NO. 1999 HOUSE DRAFT 1
RELATING TO AGRICULTURE

Chairperson Luke and Members of the Committee:

Thank for the opportunity to testify on House Bill No. 1999, House Draft 1, relating to agriculture. The bill proposes to 1) establish a grant program for qualified feed developers within the Livestock Revitalization Program, 2) appropriate funds for feed developers and reimbursements to qualified producers for feed costs and 3) conduct a survey of local feed ingredient sources. The department supports this bill provided that it does not impact the priorities established in the Department's executive budget and offers comments.

The department respectfully requests that language on page 3, line 13 through page 4 line 6 pertaining to documentation for feed development costs be amended to read:

“(b) Documentation of animal feed development costs, as requested by the department, shall be filed for feed developed within the immediately preceding fiscal quarter and shall be effective for feed development costs incurred after July 1, 2016.

(c) The applicant shall submit a quarterly financial statement of farm revenues and expenses along with other supporting documents as deemed necessary by the department and filed with the documentation of the feed development costs. An annual financial statement shall be filed with the department within ninety days following the



close of the business' fiscal year after June 30, 2016, for final reconciliation of any reimbursement paid during the previous three quarters within the fiscal year. The financial statements shall be certified as accurate by the applicant and the preparer of the financial statement on forms prepared by the department.”

In addition, a new section should be added to the bill to amend sections 155D-2 (5) (b) and 155D-2 (5) (c), Hawaii Revised Statutes with the following:

“(b) Documentation of animal feed costs, as requested by the department, shall be filed for feed purchased within the immediate preceding fiscal quarter of filing and shall be effective for feed costs incurred after [~~July 1, 2013~~] July 1, 2016.

(c) The applicant shall submit a quarterly financial statement of farm revenues and expenses along with other supporting documents as deemed necessary by the department, and filed with the documentation of feed costs. An annual financial statement shall be filed with the department within ninety days following the close of the business' fiscal year after [~~June 28, 2013~~], June 30, 2016 for final reconciliation of any reimbursement paid during the previous three quarters within the fiscal year. The financial statement shall be certified as accurate by the applicant and the preparer of the financial statement on forms prepared by the department.”

Thank you for the opportunity to testify on this measure.



LAND USE RESEARCH
FOUNDATION OF HAWAII

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February 23, 2016

Representative Sylvia J. Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
House Committee on Finance

Testimony in Support of HB 1999, H.D.1, Relating to Agriculture (Establishes Within the Livestock Revitalization Program, a Grant Program for Qualified Feed Developers; Appropriates Funds for the Feed Developer Grant Program, Reimbursements to Qualified Producers for Feed Costs, and a Survey of Local Feed Ingredient Sources).

Thursday, February 25, 2016, 11:00 a.m., in Conference Room 308

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources and public health and safety.

LURF appreciates the opportunity to provide testimony in support of HB 1999, H.D.1, and to offer comments.

HB 1999, H.D.1. As an advocate for the various agricultural stakeholder groups who defend the goals of viable agricultural operations and the conservation and protection of agriculture, including important agricultural lands in Hawaii, LURF supports this measure which seeks to help revitalize the State's livestock industries by establishing within the Livestock Revitalization Program, a grant program for qualified feed developers, as well as appropriating funds for the Feed Developer Grant Program; reimbursing qualified producers for feed costs; reimbursing qualified feed developers for the costs of development of feed for sale to qualified producers; and a survey of local feed ingredient sources.

LURF's Position. LURF members include private property owners, farmers and ranchers who own, maintain, and engage in agricultural enterprises, and who consider such measures critical to the conduct of their operations and to help sustain their businesses. These land owners and agricultural stakeholders believe HB 1999, H.D.1 and the ensuing establishment of such a grant program will

greatly assist with feed costs which have been a contributing factor to the decline of the State's livestock industry.

As this Committee may already be aware, Hawaii's livestock industry faces numerous challenges, one if not the greatest being the unsustainable availability and cost of feed for livestock production. Most local dairies and egg and poultry farms have already gone out of business or are currently threatened with closure due to rising production (mainly feed) costs. This measure will assist in continuing to make locally produced milk, eggs, beef, pork, poultry and other products available to Hawaii residents, and will help revitalize the State's declining livestock industry.

Decreased or limited livestock production increases the State's reliance on the importation of food and threatens the State's food security. As potential issues relating to public health, and food safety and security continue to be a significant concern, LURF and its members appreciate this measure being taken to assist agricultural stakeholders.

For the reasons stated above, LURF is **in support of HB 1999, H.D.1**, and respectfully urges your favorable consideration of this bill.

Thank you for the opportunity to present testimony regarding this measure.



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February 25, 2016

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON HB 1999, HD1
RELATING TO AGRICULTURE

Room 308
11:00 AM

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

I am Randy Cabral, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 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.

HFB is in strong support of HB 1999, HD1, which establishes within the Livestock Revitalization Program a grant program for qualified feed developers. It also appropriates funds for the Feed Developer Grant Program, reimbursements to Qualified Producers for feed costs, and a survey of local feed ingredient sources.

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 of 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 the cost of feed.

HB 1999, HD1 will help to keep fresh, locally produced milk, eggs, beef, pork, poultry, sheep, lamb, 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 the opportunity to comment on this measure.



Email: communications@ulupono.com

HOUSE COMMITTEE ON FINANCE
Thursday, February 25, 2016 — 11:00 a.m. — Room 308

Ulupono Initiative Strongly Supports HB 1999 HD 1 with an Amendment, Relating to Agriculture

Dear Chair Luke, Vice Chair Nishimoto, 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 produced food; increase affordable, clean, renewable energy; and reduce waste. We believe that self-sufficiency is essential to our future prosperity and will help shape a future where economic progress and mission-focused impact can work hand in hand.

Ulupono strongly supports HB 1999 HD 1, which provides grants to qualified feed developers via the Department of Agriculture's Livestock Revitalization Program, because it aligns with our goal of creating more locally produced food.

Feed costs for livestock production in Hawai'i can comprise 70 percent of production cost, and our concern is that we need to keep our livestock producers in business. We anticipate through grass-fed initiatives and feed research, that the agricultural sector will be able to affordably produce its own feed within a few years. We cannot afford to lose local food producers like ranchers, aquaculture farmers, and poultry farmers. While the industry works to create more homegrown feed, the subsidy is needed to help sustain the industry.

Furthermore, after conducting an analysis on the provisions for this bill, we believe it will help feed development research by universities, as well as for businesses that raise animals that are currently under development.

However, the language as written makes it unclear whether these funds could be used for "feed research." We propose on page 5, line 3, the words "researching and/or", after the words "cultivating feed crops or." Since there are no local feed mill operations in Hawai'i at the present time, we feel that funds appropriated under this bill should be allowed for identifying, assessing, and validating local feed ingredients rather than only subsidizing feeds.

Investing in a Sustainable Hawai'i

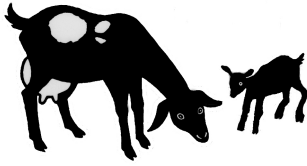


As Hawai'i's local food issues become more complex and challenging, organizations need additional resources and support to address and overcome them. We appreciate this committee's efforts to look at policies that support local food production.

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

Respectfully,

Kyle Datta
General Partner



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(808) 828-0095
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February 23, 2016

TESTIMONY IN SUPPORT OF HB1999

Aloha kakou,

We are writing in strong support of HB1999.

As one of five goat dairies in Hawaiʻi, our farm has constantly been challenged by the high cost of animal feed in our state.

Development of feed production should be high on the list of programs to assist dairies, poultry, pork, and beef producers. In the past, there were some shipping reimbursement programs offered by the state, but unfortunately, goats were not one of the livestock that were available. This was a sad oversight because there are more goat dairies in Hawaii than cow dairies. Also, there is a thriving meat goat industry which provides for the ethnic demand for this healthy meat alternative.

Mahalo for the opportunity to testify,

The Wooton ʻOhana
Kauaʻi

House Committee on Finance
February 25, 2016
11:00 a.m.
Room 308
House Bill 1999



Thank you for the taking the time to read the testimony of Big Island Dairy, LLC. in favor of H.B. 1999 relating to qualified feed developer grants.

There is a need for some strong leaders to pave the way in making Hawaii animal feed sources more sustainable and affordable. This bill will be a step in the right direction for operations effected by the high costs of imported feed. A boost for discovering and taking advantage of locally produced feed is good for all in the supply chain of Hawaii. From the producer to the processor to the retailer and finally on the end user. Everyone wins with sustainable, locally produced feed.

Most affordable animal feed sources are produced as bi-products of food produced for human consumption. We have been hurt, as we are sure many have, by the closure of the local flour mill on Oahu. We are currently using the molasses bi-product from the local sugar company as another source of feed. Now, that sugar company is ceasing production and we will feel another loss in local, affordable feed.

There is a potential for livestock feed to become more affordable to farmers and ranchers by raising local feed. We have seen this in our own operation. We are beginning to raise our own feed locally and we are already seeing significant savings over importing grains and protein; but we need more. We have found that it is a very expensive undertaking when there is no infrastructure nor experience here on the islands to develop feed sources. We continue to explore other local feed avenues where we can make our products to be in parity with mainland, but it takes new equipment, labor, and skill to make it work.

H.B. 1999 establishes a way to help people who have the ability to develop feed that will offset the cost associated with providing food for us here in Hawaii. Please support sustainable Hawaii by voting yes.

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 24, 2016 11:13 PM
To: FINTestimony
Cc: warrenmcfb@gmail.com
Subject: *Submitted testimony for HB1999 on Feb 25, 2016 11:00AM*



HB1999

Submitted on: 2/24/2016

Testimony for FIN on Feb 25, 2016 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Warren Watanabe	Maui County Farm Bureau	Support	No

Comments:

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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