

HB 1999,
HD1

DAVID Y. IGE
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 SENATE COMMITTEE ON WATER, LAND, AND AGRICULTURE

March 16, 2016
2:45 P.M.
CONFERENCE ROOM 224

HOUSE BILL NO. 1999 HD1
RELATING TO AGRICULTURE

Chairperson Gabbard and Members of the Committee:

Thank for the opportunity to testify on House Bill No. 1999 HD1, 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 amendments.

The department recommends that the following language on page 3, line 13 through page 4, line 10, pertaining to documentation for feed development costs, be amended to state that when an annual financial statement is filed, it should reflect the corresponding period to the fiscal year ending when the appropriation is added:

“(b) Documentation of animal feed development costs, as requested by the department, shall be filed for feed [~~purchased~~] sold to qualified producers within the immediately preceding fiscal quarter of the filing 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 statement shall be certified as accurate by the applicant and the preparer of the financial statement of forms prepared by the department.

(d) Funds shall be disbursed upon approval by the department to the qualified feed developer for up to fifty per cent of the [~~cost~~] development costs of [~~goods sold~~] feed sold to qualified producers, as verified by a certified public accountant.”

In addition, for consistency, the department is recommending a new section be added to the bill to address the reconciliation of the reimbursement for animal feed costs:

“SECTION XX. Section 155-D-2, Hawaii Revised Statutes, is amended by amending subsections (b) and (c) to read as follows:

(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~~].

(c) The applicant shall submit a quarterly financial statement of farm revenues along with other supporting documents as deemed necessary by the department, and filed with the documentation of the 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 30, 2013~~], 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.”

Thank you for the opportunity to testify on this measure.



March 10, 2016

Senator Mike Gabbard, Chair
Senator Clarence K. Nishihara, Vice Chair
Senate Committee on Water, Land, and Agriculture

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).

Wednesday, March 16, 2016, 2:45 p.m., in Conference Room 224

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.

From: mailinglist@capitol.hawaii.gov
To: [WLA Testimony](#)
Cc: dale@hicattle.org
Subject: *Submitted testimony for HB1999 on Mar 16, 2016 14:45PM*
Date: Tuesday, March 15, 2016 12:04:04 PM

HB1999

Submitted on: 3/15/2016

Testimony for WLA on Mar 16, 2016 14:45PM in Conference Room 224

Submitted By	Organization	Testifier Position	Present at Hearing
Dale Sandlin	Hawaii Cattlemens Council	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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Email: communications@ulupono.com

SENATE COMMITTEE ON WATER, LAND, & AGRICULTURE
Wednesday, March 16, 2016 — 2:45 p.m. — Room 224

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

Dear Chair Gabbard, Vice Chair Nishihara, 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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March 16, 2016

HEARING BEFORE THE
SENATE COMMITTEE ON WATER, LAND AND AGRICULTURE

TESTIMONY ON HB 1999, HD1
RELATING TO AGRICULTURE

Room 224
2:45 PM

Aloha Chair Gabbard, Vice Chair Nishihara, 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.



March 15, 2016

The Honorable Mike Gabbard, Chair
Senate Committee on Water, Land and Agriculture
Hawaii Senate
Hawaii State Legislature
Honolulu, HI

VIA ELECTRONIC MAIL

RE: HB 1999 Qualified Feed Developer Grants; Livestock Revitalization Program;
Local Feed Source Survey; Appropriations

Dear Chairman Gabbard:

Regarding HB 1999, the American Feed Industry Association supports this bill and urges its passage by the Committee and Legislature.

AFIA is the world's largest organization devoted exclusively to representing the business, legislative and regulatory interests of the U.S. animal feed industry and its suppliers. AFIA membership includes more than 600 domestic and international companies and state, regional and national associations. Member companies are livestock feed and pet food manufacturers, integrators, pharmaceutical companies, ingredient suppliers, equipment manufacturers and companies which supply other products, services and supplies to feed manufacturers. Some of these companies supply feed and ingredients to Hawaii

The last commercial feed mill left Hawaii in the 1990s and since that time feed has been shipped from the mainland by several firms. AFIA supported bills to develop a feed mill at the Oceanic Institute on several occasions and believes HB 1999 will assist in further developing a feed industry in the State. As this bill notes, the major costs of livestock production are feed costs. In Hawaii, this is exacerbated by the high costs of shipping feed from the mainland to the State. This bill will assist in lowering those costs by encouraging feed industry development, and thereby, lowering the costs of meat, milk, eggs and fish in the State. AFIA supports this bill.

Thank you for your consideration of AFIA's comments.

Sincerely,

Richard Sellers, PAS, Dipl., ACAS
Sr. Vice President for Public Policy & Education

Our Industry. Our Passion. Our Voice.

From: mailinglist@capitol.hawaii.gov
To: [WLA Testimony](#)
Cc: gottlieb@hawaii.rr.com
Subject: *Submitted testimony for HB1999 on Mar 16, 2016 14:45PM*
Date: Tuesday, March 15, 2016 12:13:18 PM

HB1999

Submitted on: 3/15/2016

Testimony for WLA on Mar 16, 2016 14:45PM in Conference Room 224

Submitted By	Organization	Testifier Position	Present at Hearing
Alan Gottlieb	Ponoholo Ranch	Support	No

Comments:

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To: [WLA Testimony](#)
Cc: blee@ulupono.com
Subject: Submitted testimony for HB1999 on Mar 16, 2016 14:45PM
Date: Thursday, March 10, 2016 8:06:55 PM
Attachments: [HB 1999 HD 1 Senate Water, Land, and Agriculture Hearing Testimony 3-16-16.pdf](#)

HB1999

Submitted on: 3/10/2016

Testimony for WLA on Mar 16, 2016 14:45PM in Conference Room 224

Submitted By	Organization	Testifier Position	Present at Hearing
Brandon Lee	Ulupono Initiative	Support	No

Comments:

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