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SENATE COMMITTEE ON WATER, LAND, & AGRICULTURE
Wednesday, February 3, 2016 — 2:45 p.m. — Room 224

Ulupono Initiative Strongly Supports SB 2804, Authorizing the Issuance of Special Purpose Revenue Bonds to Assist Big Island Dairy, LLC.

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 company 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 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 SB 2804, because it aligns with our goal of providing more locally produced food. 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.

In 1980, Hawai'i's dairy cow population exceeded 12,000 head and Hawai'i was totally self-sufficient in fluid milk production. Until Hawai'i's Heptachlor incident in 1982, the state was completely self-sufficient in milk. That began to decline as milk began to be imported and local dairies shut down. By 2006, the dairy cow population decreased to about 4,000 head and many of the local dairies had closed. By 2015, the dairy cow population had dwindled to about 2,000 head, just one sixth of the dairy cattle population levels in the 80s. No milk was imported until 1984. Now, less than 15 percent of Hawaii's milk is produced locally.

At its peak, Hawaii's dairy industry provided employment in excess of 170 direct jobs on farms in the rural districts statewide. In 1999, there were six processing plants in production, so there were also many indirect jobs in the market. The two largest processors on Oahu – Foremost Dairies Inc. and Meadow Gold Hawaii Inc. – together hired more than 300 employees in processing and distribution. Since 1999, more than 100 farm level jobs were lost due to the closing of dairy operations. Meadow Gold is the only local processor left in the state, with facilities in Honolulu and Hilo.

Investing in a Sustainable Hawai'i



Currently, more than half of all milk sold in Hawai'i is over a week old before it reaches store shelves due to the importation process. In 2006, the University of Hawai'i conducted a study on bacteria levels in Hawai'i's milk. The study found that 90 percent of imported milk sold in Hawai'i had levels of bacteria higher than FDA-mandated standards five days prior to expiration, which means that 9 out of 10 containers of imported milk spoiled five days before the expiration date. Imported milk is currently used in the DOE's school lunch program.

If Big Island Dairy were able to obtain special purpose revenue bond financing, it would be able to build its own processing facility that would allow for locally produced milk to arrive on shelves within days, ensuring a fresher product for local consumers. With only one other milk processor in the state, Big Island Dairy could provide market competition, while making the largest Hawai'i dairy more efficient and profitable. This is a key first step to help Hawai'i secure its remaining dairies and re-develop its local dairy industry.

We believe that by collaborating 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



Hawaii Cattlemen's Council, Inc.

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SENATE COMMITTEE ON WATER, LAND & AGRICULTURE

SENATOR MIKE GABBARD, CHAIR

SENATOR CLARENCE K. NISHIHARA

DATE: Wednesday, February 3, 2016
TIME: 2:45 PM
PLACE: Conference Room 224

SB 2804 – AUTHORIZING THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST BIG ISLAND DAIRY, LLC.

Authorizes the issuance of special purpose revenue bonds up to \$10,000,000 to assist Big Island Dairy LLC for the planning, design, and construction of new milking facilities.

Chair Gabbard, Vice Chair Nishihara, and Members of the Committee:

My name is Dale Sandlin, and I am Managing Director 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 140+ 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 2804 as this measure would support the last of the remaining dairy industry in Hawaii.

The dairy industry plays an important role in Hawaii Agriculture. The local dairy cows provide both milk and beef cattle from cull cows and bulls. They are an important sector of the beef industry as they provide another source of locally grown beef to the market here in Hawaii. The dairy industry plays an important role for Hawaii's food sustainability and we would be solely dependent on product from the mainland if they cannot succeed.

The dairy industry in Hawaii has dwindled down to only two operating dairies in the state. Much of this could be attributed to the one and only milk processing facility, owned by Mainland interests, and their decision to not purchase milk from local producers, or to buy local milk at prices which make operating a dairy in Hawaii unsustainable. While we support free market trade, the local processor has elected to purchase re-pasteurized milk at a reduced cost from the mainland, instead of the freshest possible milk from our local producers. This has caused the local producers to act at the mercy of processor, accepting the price the processor determines, or dumping their unsold milk.

This measure would provide the Big Island Dairy the necessary means to build their proposed facility for processing their product. This facility would also help other dairies in that they will have another option to sell their product at a competitive rate. Hawaii Cattlemen's Council strongly supports the dairy industry in Hawaii and we respectfully ask this committee to pass this authorization.

Thank you for giving us the opportunity to testify on this important matter.



gabbard2 - Donna

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 03, 2016 8:20 AM
To: WLA Testimony
Cc: dylanarm@hawaii.edu
Subject: *Submitted testimony for SB2804 on Feb 3, 2016 14:45PM*

SB2804

Submitted on: 2/3/2016

Testimony for WLA on Feb 3, 2016 14:45PM in Conference Room 224

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Submitted By	Organization	Testifier Position	Present at Hearing
Dylan Armstrong	Individual	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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