

DAVID Y. IGE
Governor

SHAN S. TSUTSUI
Lt. Governor



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

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

April 7, 2015
2:30 P.M.
CONFERENCE ROOM 308

**SENATE BILL NO. 382 SD 2 PROPOSED HD 2
RELATING TO AGRICULTURE**

Chairperson Luke and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 382 SD 2, relating to Agriculture. Part I of this bill proposes to establish a grant for qualified feed developers, and Part II of this bill appropriates funds for the Future Farmers of America Program. The department supports this bill.

In regards to Part I of the bill, The department has initiated a feed development process to identify, assess, and validate available local feed ingredients. The goal of the process is to reduce the cost of production for our local livestock and aquaculture industries through lowering the cost of feed. The funding designated to the department will help to continue with the feed development identification, assessment and validation process.

Part II of this bill would allow the FFA, whose history in Hawaii began in 1928, to continue their work to encourage students to pursue careers in farming and ranching through hands-on education and workforce development in the agricultural sector. The Hawaii Department of Agriculture supports this part, but defers to the DOE.

Thank you for the opportunity to testify on this measure





April 6, 2015

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

Testimony in Support of SB 382, SD2, Proposed HD2 , 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 Cost, and a Survey of Local Feed Ingredient Sources; Appropriates Funds for the Future Farmers of America Program).

Tuesday, April 7, 2015, 2:30 p.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 SB 382, SD2, Proposed HD2** , and to offer comments.

SB 382, SD2, Proposed HD2 . 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 cost, 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 SB 382, SD2, Proposed HD2 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.

LURF and its members also believe the appropriation of funds to the Future Farmers of America program will greatly assist with the perpetuation of the agricultural industry in this State by inspiring interest in agriculture, as well as educating youth about agricultural production, leadership and life skills, and the importance of increasing Hawaii's long-term resilience and sustainability.

For the reasons stated above, LURF is **in support of SB 382, SD2, Proposed HD2** , and respectfully urges your favorable consideration of this bill.

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



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April 7, 2015

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON SB 382 SD 2 HD 1 PROPOSED HD 2
RELATING TO AGRICULTURE

Room 308
2:30 PM

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

I am Christopher Manfredi, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,932 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 SB 382, SD 2, HD 1, Proposed HD 2, which establishes within the Livestock Revitalization Program a grant program for qualified feed developers. The measure appropriates funds for the Feed Developer Grant Program, reimbursements to Qualified Producers for feed cost, a survey of local feed ingredient sources, and funds for the Future Farmers of America.

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.

SB 382 will help 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.

Hawaii's FFA program is vitally important to the future of agriculture in Hawaii. FFA has a long history. The passion and direct interaction of volunteer farmers and ranchers with young people will help grow and perpetuate the ranks of the next generation of farmers and ranchers. This organization addresses sustainability on social, economic and environmental levels. The FFA has a proven track record of not only exposing and educating young people to positive, hands on experience in agricultural production, but is also a program that instills leadership and life skills in a wide variety of projects.

It is clear that we must strongly support agricultural education for our young people if we are to increase Hawai'i's long-term resilience and sustainability.

Thank you for the opportunity to comment on this measure.



April 6, 2015

Representative Sylvia Luke
Chair, Committee on Finance
State Capitol
Honolulu, Hawaii 96813

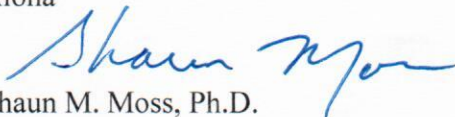
Dear Representative Luke,

Oceanic Institute of Hawai'i Pacific University (OI) has received \$1.7 million in federal funds, administered through the U.S. Department of Agriculture, to construct a Feed Research and Pilot Production Facility in Hilo, Hawaii. Federal funding for this facility became available through the generous efforts of the late Senator Daniel Inouye who recognized the importance of reducing Hawaii's dependency on imported food. The proposed research feed mill is designed to produce small, commercial quantities of terrestrial and aquatic animal feeds, using locally available ingredients. Our goal is to develop animal feed formulations using local ingredients so that we do not need to import animal feed into the State. By producing our animal feeds locally, we will reduce feed costs by up to 50% and this, we hope, will catalyze meat production here in Hawaii.

In addition to federal support to construct the mill, we have worked with private partners, as well as the Hawaii Department of Agriculture and Department of Land and Natural Resources, to secure additional construction funds. We are very grateful for their continued support. Unfortunately, we currently face a budget gap to construct the mill. Construction costs in Hawaii have increased significantly over the past several years and the construction bids for our project came in higher than anticipated. We have worked with our construction engineers to reduce the cost of the project and our financial supporters to secure additional funds, but we feel we have exhausted all avenues to reduce our budget deficit. We are seeking additional financial support of \$750,000 from the State via the feed subsidy bill (SB 382) or through other administrative actions. This additional support will allow us to close our budget deficit and proceed with construction. If we cannot close our budget deficit, we will have to return the \$1.7 million back to USDA and the State will lose out on an opportunity to move closer to food self-sufficiency. In addition, research scientists in the State (HPU, University of Hawaii) would lose out on the opportunity to bring in federal research dollars to support animal feeds research.

We ask for your support in helping us close our construction budget gap so that we can work with State, federal, and private partners to help the people of Hawaii reduce our dependency on imported food and to increase food security here at home.

Aloha


Shaun M. Moss, Ph.D.
Executive Director



Hawaii Crop Improvement Association

Growing the Future of Worldwide Agriculture in Hawaii

HCIA 2014-2016 Board of Directors

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Vice President
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Bennette Misalucha

In Support of SB 382

Establishes within the livestock revitalization program
a grant program for qualified feed developers.

HOUSE COMMITTEE ON FINANCE
April 7, 2015, 2:30 pm; Room 308

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

My name is Bennette Misalucha, Executive Director of the Hawaii Crop Improvement Association. HCIA is a Hawaii-based non-profit organization that promotes ag bio tech to help farmers and communities succeed. Through education, collaboration and advocacy, we work to ensure a safe and sustainable food supply, support responsible farming practices and build a healthy state economy.

HCIA is in support of the intent of SB 382.

With the rising cost of livestock feed, we join other agriculture voices in advocating for support of qualified beef cattle, dairy, hog, poultry, goat, sheep, fish, and crustacean farms to apply for funds for their farms' feed expenses.

We also support the provision to establish a program that would give grants to local livestock feed developers, as this will go a long way in providing incentives to produce locally sourced feed.

SB 382 will ensure fresh, locally produced food continues to be delivered to our collective tables and thus, contribute to the wellness of the State's overall food security.

We humbly ask for the Committee's support of SB 382.

Mahalo for your kind consideration.

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HOUSE COMMITTEE ON FINANCE

Tuesday April 7, 2015, 2:30 p.m., Conference Room 308

SB382 Proposed HD2, RELATING TO AGRICULTURE

TESTIMONY

Nancy Davlantes, Legislative Committee, League of Women Voters of Hawaii

Chair Luke, Vice-Chair Nishimoto, and Committee Members:

The League of Women Voters of Hawaii opposes the proposed SB382 HD2 because of process problems. The original bill establishes a grant program for qualified feed developers within the Livestock Revitalization Program and appropriates funds for the Grant Program, reimbursements to Qualified Producers for feed cost, and a survey of local feed ingredient sources.

Up until March 30 had progressed through the House unaltered by the introduction of any new text that would invite the label “Frankenbill.” This is the unflattering label that certainly applies to the Proposed HD2 version. The Proposed HD2 has added an entirely new section proposing funding for Future Farmers of America. Both subjects worthy of consideration? Yes, definitely, but the added section has nothing to do with a grant program for qualified feed developers.

The League testified in opposition to a companion bill, HB508, which, in its travels through the Senate, also had an entirely unrelated section added, this one on the cultivation of industrial hemp, in HB 508 SD1

In both bills, whatever one’s take on the cultivation/production of industrial hemp **or** funding for the Future Farmers of America, the new subject in either or both bills may pass the Legislature without adequate consideration by the body that originated the bill. In case it has escaped notice, this lack of due process is prohibited by the Hawaii Constitution.

This is not how the legislative process is supposed to work, and those who are elected by the people are supposed to know better.

Thank you for the opportunity to submit testimony.



Email: communications@uluponoinitiative.com

HOUSE COMMITTEE ON FINANCE
Tuesday, April 7, 2015 — 2:30 p.m. — Room 308

Ulupono Initiative Strongly Supports SB 382 SD 2 HD 1 with Amendments, 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 grown food, increase renewable energy, and reduce/recycle waste. Ulupono invests in projects that have the potential to create large-scale, innovative change.

Ulupono strongly supports SB 382 SD 2 HD 1, which provides grants to qualified feed developers via the Department of Agriculture's Livestock Revitalization Program. 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 our people – our ranchers, aquaculture and poultry farmers. While the industry works to create more homegrown feed, the subsidy is needed to help sustain the industry.

Oceanic Institute of Hawai'i Pacific University (OI) has received \$1.7 million in federal funds, administered through the U.S. Department of Agriculture, to construct a Feed Research and Pilot Production Facility in Hilo, Hawai'i. Federal funding for this facility became available through the generous efforts of the late Senator Daniel Inouye who recognized the importance of reducing Hawai'i's dependency on imported food. The proposed research feed mill is designed to produce small, commercial quantities of terrestrial and aquatic animal feeds, using locally available ingredients. The goal is to develop animal feed formulations using local ingredients so that we do not need to import animal feed into the State. By producing our animal feeds locally, we will reduce feed costs, which is the largest operational expenditure for our ranchers, dairy operators, poultry operators, and aquaculture producers, by up to 50% and this, we hope, will catalyze meat production here in Hawai'i.

In addition to federal support to construct the mill, OI has worked with private partners, as well as the Hawai'i Department of Agriculture and Department of Land and Natural

Investing in a Sustainable Hawai'i



Resources, to secure additional construction funds. Unfortunately, as the construction bids for the mill were received in the past few weeks, OI currently faces a budget gap to construct the mill. Construction costs in Hawaii have increased over the past several years and the construction bids for the project came in high. OI has worked with their construction engineers to reduce the cost of the project through value engineering, but feel they have exhausted all avenues to reduce their budget deficit. This additional support will allow OI to close their budget deficit and proceed with construction. If they cannot close their budget deficit, OI will have to return the \$1.7 million back to USDA and the State will lose out on an opportunity to move closer to food self-sufficiency. In addition, research scientists in the State (HPU, University of Hawai'i) would lose out on the opportunity to bring in federal research dollars to support animal feeds research.

Without this feed mill, our local agricultural industries that rely upon feed are likely to continue to request continued financial support from the Legislature for feed subsidies.

After conducting an analysis on the provisions for this bill, we believe it will help feed development research by Hawai'i Pacific University, the University of Hawai'i and other 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 10, of the proposed HD 2 for SB 382, the words "or manufacturing or researching feed for qualified producers", after the words "feed crops." This would allow organizations such as the Oceanic Institute to qualify for these funds to research feed, which would then be used to develop that feed.

Secondly, we also prefer the funding mechanism found in the House companion, HB 508 HD 1 SD 1. We propose adding the language found in HB 508 HD 1 SD 1 to this bill. This includes page 3 lines 11 to 21 of HB 508 HD 1 SD 1:

(4) The applicant for the planning and construction of a feed mill shall provide a completion bond and payment bond adequate to cover the completion of the planned feed mill, as determined by the department;

(5) Any grant for the planning and construction of a feed mill:

_____ (A) Shall not exceed \$750,000 per project; and

_____ (B) Shall be disbursed as a dollar-for-dollar match to other funding pledged to or deposited with the feed mill developer solely for the planning and construction of the feed mill;



Furthermore, Ulupono supports the language relating to funding the Future Farmers of America program. The average age of a Hawai'i farmer is 60 years old. Therefore, to ensure the viability of the local agricultural industry, more young people need to develop the interest and skills required for a career in agriculture.

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

Resolution

No. 14-64

Councilmember Don Couch

RECOGNIZING THE FIFTH ANNUAL
NATIONAL INDUSTRIAL HEMP HISTORY WEEK
JUNE 2 – 8, 2014

WHEREAS, now in its fifth year, Industrial Hemp History Week is a nationwide education campaign that seeks to renew strong support for hemp farming in the United States and raise awareness about the benefits of hemp products; and

WHEREAS, industrial hemp is a renewable crop that has been cultivated for more than 4,000 years and was once the most widely cultivated crop in the world, including in the United States; and

WHEREAS, considered to be the most robust, durable, natural, and soft fiber on the planet, this versatile plant can be commercially grown and used in the manufacture of thousands of products and exported to markets around the world; and

WHEREAS, industrial hemp popularity began as early as the 1700s when America's farmers were required by law to grow hemp in Virginia and other colonies; and

WHEREAS, the Declaration of Independence was drafted on hemp paper in 1776 and America's founding fathers, including George Washington, Thomas Jefferson and John Adams cultivated hemp and extolled its benefits; and

WHEREAS, in 1916, United States Department of Agriculture Bulletin No. 404, acknowledged that hemp's paper production capability is four times greater per acre than that of trees; and

WHEREAS, a 1938 *Popular Mechanic* article entitled "New Billion Dollar Crop" highlighted new developments in processing technology that had the potential to manufacture hemp into over 25,000 different products, including multiple variations of food, fiber, beauty and health products, and fuel and building material; and

WHEREAS, in 1942, Henry Ford used industrial hemp fiber to build an experimental car body, which proved to be 10 times stronger than steel; and

Resolution No. 14-64

WHEREAS, in 1957, new government industry incentives replaced natural fibers with plastics, ultimately bankrupting key hemp processors and marking the last time industrial hemp was grown in the United States; and

WHEREAS, contrary to common belief, industrial hemp carries insignificant traces of the active drug chemical tetrahydrocannabinol (THC) found in what is known as marijuana; and

WHEREAS, the United States is the world's largest importer of hemp products, yet American farmers are forbidden by federal law to grow it; and

WHEREAS, Maui is in a unique position to become a leader in industrial hemp seed and raw material production; and

WHEREAS, the Maui Island Policy Plan recognizes the need to support diversified agriculture; and

WHEREAS, as of April 30, 2014, the State of Hawaii allows for the growing of industrial hemp for research purposes, and together with the Hawaii Industrial Hemp Research pilot project, hemp's commercial viability will begin to be assessed, opening the door for a new industry in Hawaii; now, therefore,

BE IT RESOLVED by the Council of the County of Maui:

1. That it hereby recognizes June 2 - 8, 2014 as the Fifth Annual National Industrial Hemp History Week; and
2. That certified copies of this resolution be transmitted to Denise Key; George Rixey; Kimokeo Kapahulehua; and Kelly King, Vice President of Pacific Biodiesel.

Resolution No. 14-64

Gladys C. Bassa

Robert Carroll

Elle Ackman

Howard D. Cooper

Michael P. Katz

Don A. Ryman

James

Mike White

Gene Foreman

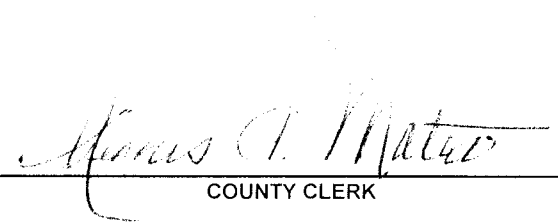
COUNCIL OF THE COUNTY OF MAUI

WAILUKU, HAWAII 96793

CERTIFICATION OF ADOPTION

It is **HEREBY CERTIFIED** that **RESOLUTION NO. 14-64** was adopted by the Council of the County of Maui, State of Hawaii, on the 6th day of June, 2014, by the following vote:

MEMBERS	Gladys C. BAISA Chair	Robert CARROLL Vice-Chair	Eleanora COCHRAN	Donald G. COUCH, JR.	S. Stacy CRIVELLO	Donald S. GUZMAN	G. Riki HOKAMA	Michael P. VICTORINO	Michael B. WHITE
ROLL CALL	Aye	Aye	Aye	Excused	Aye	Aye	Aye	Aye	Aye



COUNTY CLERK

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 06, 2015 10:19 AM
To: FINTestimony
Cc: carl.campagna@kamakagreen.com
Subject: *Submitted testimony for SB382 on Apr 7, 2015 14:30PM*

SB382

Submitted on: 4/6/2015

Testimony for FIN on Apr 7, 2015 14:30PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Carl Campagna	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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov



LATE

Testimony in Support of SB382, SD2, HD1
Hearing: April 7, 2015, 2:30 p.m.

Chair Luke, Vice Chair Nishimoto, and Members of the House Committee on Finance:

I am pleased to provide the following testimony in support of SB 382 SD2 HD1, relating to Agriculture.

Oceanic Institute of Hawai'i Pacific University (OI) is preparing to commence construction of a Feed Research and Pilot Production Facility in Hilo, Hawaii, a research feed mill designed to produce small, commercial quantities of terrestrial and aquatic animal feeds, using locally available ingredients. Our goal is to develop animal feed formulations using local ingredients so that we do not need to import animal feed into the state. By producing our animal feeds locally, we will reduce feed costs by up to 50% and, we hope, catalyze meat production here in Hawaii. To date, OI has received \$1.7 million in federal funds, administered through the U.S. Department of Agriculture, to construct the facility; federal funding for this facility became available through the generous efforts of the late Senator Daniel Inouye, who recognized the importance of reducing Hawaii's dependency on imported food.

In addition to federal support to construct the mill, we have worked with private partners, as well as the Hawaii Department of Agriculture and Department of Land and Natural Resources, to secure additional construction funds. We are very grateful for their continued support.

However, construction costs in Hawaii have increased significantly over the past several years and the construction bids for our project came in higher than anticipated. While we have worked with our construction engineers to reduce the cost of the project and our financial supporters to secure additional funds, OI currently faces a budget gap to construct the mill.

We are seeking additional financial support of \$750,000 from the State via the feed subsidy bill (SB 382) or through other administrative actions. This additional support will allow us to close our budget deficit and proceed with construction.

If we cannot close our budget deficit, we believe Hawaii will lose an important opportunity to move closer to food self-sufficiency. In addition, research scientists in the state (HPU, University of Hawaii) would lose their chance to bring in federal research dollars to support animal feeds research.

We believe the Feed Research and Pilot Production Facility is a vital investment for the State of Hawaii, allowing our agricultural sector to move us closer to food self-sufficiency and to reinvigorate segments of agricultural production that have suffered in recent years as a result of the high cost of imported feeds. We ask the Committee's support in helping us proceed with our efforts to work with State, federal, and private partners to help the people of Hawaii reduce our dependency on imported food and to increase food security here at home.

Aloha

Shaun M. Moss, Ph.D.

Executive Director

Oceanic Institute of Hawai'i Pacific University