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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 WAYS AND MEANS

**MARCH 3, 2015
9:10 A.M.**

**SENATE BILL NO. 382 SD 1
RELATING TO AGRICULTURE**

Chairperson Tokuda, and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 382 SD 1, relating to Agriculture. This bill proposes to establish a grant for qualified feed developers. The department supports this bill.

As used in the bill, the funding for "feed development costs" may also be construed as the reimbursement for the cost of equipment. Therefore, the department is requesting that the areas in the bill referring to "feed development costs" be replaced with "cost of goods sold".

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.

Thank you for the opportunity to testify on this measure



SB382

Submitted on: 3/1/2015

Testimony for WAM on Mar 3, 2015 09:10AM in Conference Room 211

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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Hawaii Crop Improvement Association

Growing the Future of Worldwide Agriculture in Hawaii

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Mark Phillipson

Executive Director
Bennette Misalucha

In Support of SB 382

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

SENATE COMMITTEE ON WAYS AND MEANS
March 3, 2015, 9:10 am; Room 211

Aloha Chair Tokuda, Vice Chair Kouchi 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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March 3, 2015

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON SB 382, SD 1
RELATING TO AGRICULTURE

Room 211
9:10 AM

Aloha Chair Tokuda, Vice Chair Kouchi, 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 HD 1, which established the livestock revitalization program, a grant program for qualified feed developers.

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 HD 1 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.

Thank you for the opportunity to comment on this measure.

SB382

Submitted on: 3/1/2015

Testimony for WAM on Mar 3, 2015 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Simon Russell	Hawaii Farmers Union United	Support	No

Comments:

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Email: communications@uluponoinitiative.com

SENATE COMMITTEE ON WAYS & MEANS
Tuesday, March 3, 2015 — 9:10 a.m. — Room 211

Ulupono Initiative Strongly Supports SB 382 SD 1, Relating to Agriculture

Dear Chair Tokuda, Vice Chair Kouchi, 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 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.

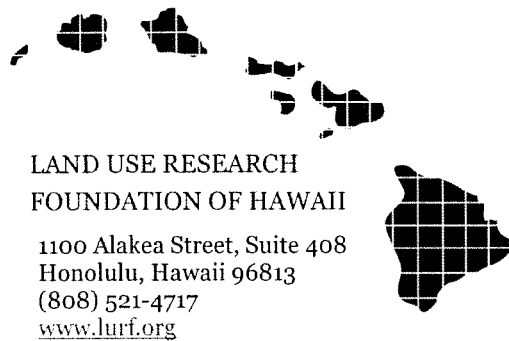
Furthermore, after conducting an analysis on the provisions for this bill, we believe it will help feed development research by Hawai'i Pacific University, the University of Hawai'i and other universities, as well as for businesses that raise animals that are currently under development.

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

Investing in a Sustainable Hawai'i



LAND USE RESEARCH
FOUNDATION OF HAWAII

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February 27, 2015

Senator Jill N. Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair
Senate Committee on Ways and Means

Testimony Supporting the Intent of SB 382, SD1, Relating to Agriculture (Establishes Within the Livestock Revitalization Program of the Department of Agriculture, a Program to Provide Grants to Qualified Feed Developers).

Tuesday, March 3, 2015, 9:10 a.m., in Conference Room 211

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 **supporting the intent of SB 382, SD1**, and to offer comments.

SB 382, SD1. 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 Department of Agriculture's Livestock Revitalization Program, a program to provide grants to qualified feed developers.

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, SD1 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 is concerned, however, that the amendments made in this SD1 version, including the added requirements and criteria for the grant amounts may be confusing, and may possibly be read to conflict with one another, especially with regard to the amount of grant claims allowable.

Question also exists as to whether the amendments are intended to **exclude** transportation costs from the calculation of feed development costs, since Committee Report No. 441 by the Senate Committee on Agriculture (a copy of which is attached hereto) clearly evidences that Committee's action to amend the original version of the bill to **include** such transportation costs (*see* amendment (2)). This Committee's attention is called, however, to the language of this SD1 which proposes to amend Hawaii Revised Statutes Chapter 155D(4)(e), to expressly provide that, "(F)eed development costs shall **not** include the cost of transportation to or from Hawaii." (emphasis added)

For the reasons stated above, LURF is generally **in support of SB 382, SD1**, and respectfully urges your favorable consideration of this bill, however, asks that the language of the present version be further amended by this Committee for clarity and to avoid any confusion.

Thank you for the opportunity to present testimony in support of this measure.

Attachment

STAND. COM. REP. NO 441

Honolulu, Hawaii

RE: S.B. No. 382
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Agriculture, to which was referred S.B. No. 382 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose and intent of this measure is to establish within the livestock revitalization program a grant program for qualified feed developers.

Your Committee received testimony in support of this measure from the Department of Agriculture, Hawaii Farm Bureau, Hawaii Cattlemen's Council, and Ulupono Initiative.

Your Committee finds that Hawaii's livestock industry faces numerous challenges, with one of the biggest being the rising cost of feed for livestock production. Having the taxpayers of Hawaii subsidize a feed development program is a good investment to meet Hawaii's sustainability goals; however, a long-term plan to subsidize imported feed, especially for export products, is not in the public interest.

Your Committee has amended this measure by:

(1) Removing language throughout that refers to the sale or cultivation of feed or feed crops to or for qualified producers;

(2) Including transportation costs from Hawaii to be included in the calculation of feed development

costs;

- (3) Inserting language to require the Department of Agriculture to disburse funds on a prorated basis;
- (4) Inserting language to cap each grant to \$200,000 per qualified feed producer per year;
- (5) Deleting the proviso in the appropriation relating to the qualified feed developer grant program;
- (6) Inserting an appropriation for the Department of Agriculture to identify, assess, and validate locally sourced feed ingredients; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 382, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 382, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of
the members of the Committee on
Agriculture,

RUSSELL E. RUDERMAN, Chair