

DAVID Y. IGE
Governor

DOUGLAS S. CHIN
Lt. Governor



JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

TESTIMONY OF JAMES J. NAKATANI
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE COMMITTEE ON AGRICULTURE AND ENVIRONMENT
Monday, March 12, 2018
1:15 p.m.

HOUSE BILL NO. 2538 HD1
RELATING TO AGRICULTURE

Chairperson Gabbard and Members of the Committee:

My name is James Nakatani, Executive Director of the Agribusiness Development Corporation (“ADC”). The ADC strongly supports House Bill No. 2538 HD1 that authorizes GO bonds for the planning, designing, and purchasing of a livestock feed mill.

The ADC believes that the proposed livestock feed mill will help the State address two long-standing issues: the increasing amount of waste entering into the landfills and rising feed costs for the livestock sector. By establishing a feed mill that utilizes waste materials in its formulations and produces a competitively priced product, both the environment and livestock operations can benefit immediately.

Thank you for the opportunity to testify, and for your consideration of this bill.

DAVID Y. IGE
Governor

DOUGLAS S. CHIN
Lt. Governor



State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
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 SENATE COMMITTEE ON AGRICULTURE & ENVIRONMENT

**MARCH 12, 2018
1:15 P.M.
CONFERENCE ROOM 224**

**HOUSE BILL NO. 2538 HD1
RELATING TO AGRICULTURE**

Chairperson Gabbard and Members of the Committee:

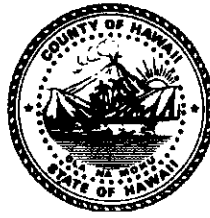
Thank you for the opportunity to testify on House Bill No. 2538 HD1. This bill provides vital resources to plan, design, and construct a livestock feed mill. The Department strongly supports this bill.

Livestock feed remains one of the highest production costs for local farmers and ranchers. Developing a local feed source would have a positive impact on the agricultural industry here in Hawaii.

Thank you for the opportunity to testify on this measure.



Harry Kim
Mayor



Wil Okabe
Managing Director

Barbara J. Kossow
Deputy Managing Director

County of Hawai'i
Office of the Mayor

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March 9, 2018

Senator Mike Gabbard, Chair
Committee on Agriculture and Environment
Hawai'i State Capitol, Room 224
Honolulu, HI 96813

Dear Chair Gabbard and Committee Members:

Re: HB 2538, HD 1 Relating to Agriculture
Hearing Date: 03-12-18 – 1:15 pm; Conference Room 224

Thank you for this opportunity for the County of Hawai'i to submit testimony in strong support for HB 2538, HD1, relating to Agriculture.

HB 2538, HD1 will authorize general obligation bonds and funding for the Agriculture Development Corporation to plan, design and construct a livestock feed mill in Hawai'i County. The cost of livestock feed is a major problem for producers and has caused the closing of many poultry, swine and dairy operations since 1970.

The County of Hawai'i is committed to the reduction of agricultural wastes going into the landfills and increasing the production by local agriculture. Recycling these wastes to support the livestock industries through the feed mill will help to achieve both goals.

The livestock industries in Hawai'i have many opportunities to grow and increase the number of producers. The cessation of importing live hogs for the Oahu slaughterhouse will cause a reduction in swine numbers for the "hot pork" market. Aquaculture is gaining recognition as a viable means of production and large conferences and summits are being planned. There is high demand for free-range poultry for the broiler market so producers are looking at ways to increase production.

Testimony in Support of HB 2538, HD 1
Gabbard
March 9, 2018
Page 2

All of this potential growth will be stymied if low-cost feed does not become a reality. That is why the livestock feed mill that is supported by HB 2538, HD1 is so important.

Thank you for considering our testimony.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Harry Kim". The signature is written in a cursive style with a large initial "H".

Harry Kim
Mayor, County of Hawai'i



Email: communications@ulupono.com

SENATE COMMITTEE ON AGRICULTURE & ENVIRONMENT
Monday, March 12, 2018 — 1:15 p.m. — Room 224

Ulupono Initiative Strongly Supports HB 2538 HD 1, Relating to Agriculture

Dear Chair Gabbard, Vice Chair Riviere, and Members of the Committee:

My name is Kyle Datta and I am General Partner of 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 better management of waste and fresh water. Ulupono believes 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 2538 HD 1, which authorizes general obligation bonds and appropriates funds for a livestock feed mill by the Agribusiness Development Corporation, because it aligns with our goal of creating more locally produced food.

Feed is the single largest cost of any animal agriculture operation and currently all feed in Hawai'i is imported from mainland feed manufacturers such as Cargill, Land O'Lakes feed, Nutreco, and Ewos. 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.

This chart shows an estimated range of costs for feed from 2017:

Feed Type	Ingredient Cost per Ton	Need Protein Supplement Add?	Shipping Cost to Hawai'i per Ton	Total Cost per Ton
Shrimp	\$2,500	No	+\$200	\$2,700
Tilapia	\$1,700	No	+\$200	\$1,900
Pig (Babies)	\$800	No	+\$200	\$1,000
Pig (Mature)	\$500	No	+\$200	\$700
Cargill Protein	\$720	No	+\$200	\$920
Soybean Meal	\$400	Yes	+\$200	\$600 + Protein Supplement
Alfalfa	\$250	Yes	+\$200	\$450 + Protein Supplement

Investing in a Sustainable Hawai'i

Corn	\$200	Yes	+\$200	\$400 + Protein Supplement
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High feed costs have directly caused the demise of the local chicken broiler industry, and now threaten the established chicken egg layer, pork, dairy, and beef cattle sectors, as well as the growing aquaculture industry in Hawai'i. Rising ingredient prices and demand for scarce supplies have led to the evaluation and development of alternative ingredients worldwide, especially in aquaculture, where fishmeal and fish oil are in increasingly short supply.

Currently, there are no companies producing feeds at a commercial scale in Hawai'i. Commercial-scale trials are necessary to test the economic feasibility of locally produced feeds. If locally produced feeds can be economically viable for both producers and consumers of the feeds, it is hoped that a full commercial-scale feed industry (20,000 to 100,000 ton per year) can be re-established in Hawai'i. We also know that there is already significant agricultural waste in the existing system. The larger scale by-products include fishery waste, vegetable/fruit waste, mill run, and glycerin. Collectively, these could already be the basis for current animals feeds once research and a mill is operational. Such an effort would have to coincide with the revitalization of livestock producers (i.e., poultry, beef, hogs, dairy and seafood), as well as the expansion of feed ingredient suppliers (i.e., biofuels, corn, cover crops, and processing waste).

Investing in the development of a local feed source removes a major bottleneck for the livestock industry in Hawai'i. If it is possible to produce a 100 percent local feed, the cost of feed to livestock producers could decrease by 12 percent for aquatic feeds and as much as 29 percent for terrestrial feeds. Additional gains could be made if locally sourced ingredients were also available at a discount to conventional mainland ingredients.

We cannot afford to lose local food producers like ranchers, aquaculture farmers, and poultry farmers. While the industry works to create more homegrown feed, this funding for a livestock feed mill is needed to help sustain the industry. The long-term effect for developing a homegrown feed industry would greatly assist our local farmers and ranchers to improve profitability by reducing one of their main expenses.

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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e-mail info@hfbf.org; www.hfbf.org

March 12, 2018

HEARING BEFORE THE
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

TESTIMONY ON HB 2538, HD 1
RELATING TO AGRICULTURE

Room 224
1:15 PM

Aloha Chair Gabbard, Vice Chair Riviere, 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 interests of our diverse agricultural community.

The Hawaii Farm Bureau is in strong support of HB 2538, HD 1, which authorizes the issuance of GO bonds and appropriates funds for the planning, designing, and constructing of a livestock feed mill.

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.

The development of this feed mill will help contribute to waste-reduction and recycling by using waste materials, such as unusable macadamia nuts, fruits and shells, and converting these unusable parts and byproducts into aquaculture and livestock feed.

HB 2538 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 this opportunity to provide our opinion on this important matter.

HB-2538-HD-1

Submitted on: 3/11/2018 7:07:06 PM

Testimony for AEN on 3/12/2018 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dale Sandlin	Testifying for Hawaii Cattlemens Council	Support	Yes

Comments:

HB-2538-HD-1

Submitted on: 3/11/2018 12:33:10 PM

Testimony for AEN on 3/12/2018 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

PRESENTATION OF THE
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES
DEMOCRATIC PARTY OF HAWAII
TO THE COMMITTEE OF AGRICULTURE AND ENVIRONMENT
THE SENATE
TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2018
Monday, March 12, 2018
1:15 p.m.
Hawaii State Capitol, Conference Room 224

RE: Testimony in Support of **HB2538 HD1**: RELATING TO AGRICULTURE To the Honorable Mike Gabbard, Chair; the Honorable Gil Riviere, Vice-Chair and Members of the Committee on Agriculture and Environment:

Good afternoon. My name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on **HB2538 HD1** relating to the Agribusiness Development Corporation; Livestock Feed Mill Operation; Appropriation; and GO Bonds.

The OCC Legislative Priorities Committee is in favor of **HB2538 HD1** and supports its passage.

HB2538 HD1 is in accord with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it authorizes the issuance of GO bonds and appropriates funds for the planning, designing, and constructing of a livestock feed mill.

The Platform of the Democratic Party of Hawai'i, 2016, provides that "[a]griculture in our state must be preserved and its future strengthened. Sufficient prime agricultural lands must be maintained for the health, economic well-being and sustenance of the people. We believe in an integrated approach to agricultural innovation and sustainability.

This approach includes, but is not limited to, the adoption of the native Hawaiian concept of ahupua'a, an integrated approach to land management. This could also include development of economic, land and ocean use policies that foster sustainable crops both for local consumption and for export, policies to foster agriculture-related infrastructure at shipping points, and increased inspection to protect against invasive species and to encourage reduced holding times. (Platform of DPH, P. 2, Lines 76-78, 82-86 (2016)).

To ensure wise use and equitable distribution of our precious water, we must stress water conservation and alternative patterns of water treatment and consumption such as the use of recycled water for irrigation, water storage reservoirs, and the use of catchment systems by the public.

As an island state, securing affordable food for all is a priority. We support healthy sustainable, diversified local food production, and "Buy Local" strategies to assure greater food security and food safety.

We recognize the essential link between the availability of adequate and affordable water and low-cost electrical power as essential components of viable agricultural businesses. (Platform of DPH, P. 2, Lines 93-102 (2016)).

We support land use planning and infrastructure development to support sustainable diversified agriculture, including low cost inter-island transportation of agricultural products. We likewise support publicly funded research and development for agricultural diversification and value-added products.(Platform of the DPH, P. 2, Lines 104-107 (2016)).

We support the designation of Important Agricultural Lands as a step towards preserving high-grade productive lands for current and future needs." (Platform of the DPH, P. 2, Lines 109-110 (2016)).

We promote solid waste policies that divert green waste and food scraps for making invasive species free compost and enhanced mulch available to our farmers, landscapers, and residents. (Platform of DPH, P. 3, Lines 115-116 (2016)).

Given that **HB2538 HD1** authorizes the issuance of GO bonds and appropriates funds for the planning, designing, and constructing of a livestock feed mill, it is the position of the OCC Legislative Priorities Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC Legislative Priorities Committee

Email: legislativepriorities@gmail.com, Text/Tel.: (808) 258-8889

HB-2538-HD-1

Submitted on: 3/11/2018 6:02:38 PM

Testimony for AEN on 3/12/2018 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Cathy Goeggel	Testifying for Animal Rights Hawai'i	Oppose	Yes

Comments:

HB-2538-HD-1

Submitted on: 3/12/2018 12:23:07 AM

Testimony for AEN on 3/12/2018 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Natalie Parra	Testifying for Keiko Conservation	Oppose	No

Comments:

HB-2538-HD-1

Submitted on: 3/12/2018 2:32:52 AM

Testimony for AEN on 3/12/2018 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jaunette Itsuno	Individual	Oppose	No

Comments:

HB-2538-HD-1

Submitted on: 3/10/2018 3:39:39 PM

Testimony for AEN on 3/12/2018 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
M. Markl	Individual	Oppose	No

Comments:

Hello Committee Members And Chair(s):

Please oppose this bill or any continuation of this bill now. I am against a livestock feed mill and any efforts to support it. Please vote NO.

Thank you.