

HB-1206

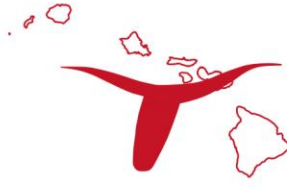
Submitted on: 2/3/2021 8:53:04 AM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jimmy Gomes	Ulupalakua Ranch	Support	No

Comments:

Ulupalakua Ranch supports as written HB-1206



Hawaii Cattlemen's Council, Inc.

COMMITTEE ON AGRICULTURE

Rep. Mark J. Hashem, Chair R

Rep. Amy A. Perruso, Vice Chair

HB1206

Initiates reporting requirements and safeguards to prevent anti-competitive practices in the meat processing industry.

DATE: Friday, February 5, 2021

TIME: 10:00 a.m.

PLACE: VIA VIDEO CONFERENCE

Chair Hashem, Vice Chair Perruso, and Members of the Committee on Agriculture,

The Hawaii Cattlemen's Council supports HB1206 with comments. This bill initiates reporting requirements and safeguards to prevent anti-competitive practices in the meat processing industry. It is important to ensure that cattle producers have access to a processing facility, and the ability to retain ownership of beef through the plant if they choose to do so. A state-leased processing facility should provide a level of service to the state as a whole and not give any advantage or preference to any particular person or locality.

We do have concerns about;

Section 2.a.1 - "Limit slaughter and meat processing capacity to no more than fifty per cent for house-branded meat products that are owned or controlled by the lessee and operator of the state-owned meat processing establishment." Creating a mandate could have negative consequences over time if not given flexibility to address situations when owner-retained branded products are unable to fill the 50% reserved capacity. The Packers and Stockyards Act exists to provide consequences for giving any unfair advantage or preference to an entity.

Section 2.c. - "Lessees and operators of State—owned meat processing establishments shall not hold or control, either directly or indirectly, more than seventy per cent of meat processing capacity statewide unless a market study is commissioned and reviewed by the board with a finding of adequate market competition." Over time, this may have the potential to limit growth within the industry.

Below is the Hawaii Cattlemen's Council's position on the ideal processing model that addresses economic benefits achieved by consolidation, as well as the unique challenges that Hawaii's beef industry faces and must be taken into account. We support HB1206's intent to protect against unfair monopolistic behavior of state-owned meat processing facilities. We also support the free market system and healthy business practices. Thank you for your consideration of our comments.

Nicole Galase
Hawaii Cattlemen's Council
Managing Director



Hawaii Cattlemen's Council

Position Statement on Local Beef Production

One of the core strengths of any society lies in its ability to be self-sufficient, to feed itself. Hawaii's beef producers are committed to providing wholesome food for its community that is safe, secure and sustainable.

For most of its existence, Hawaii's beef industry has followed a conventional model with production, harvest and processing occurring within state. In the early 1990's, a combination of rising costs and inefficiencies led Hawaii producers to shift to an export calf model which remains dominant today. However, with increasing consumer demand for locally sourced food, there is renewed focus on expanding local beef production. Several private labels have emerged over the last 10 years, raising the flavor and tenderness profile for local beef, further driving demand. The groundwork for expansion has been set.

In recent years, Hawaii Cattlemen's Council (HCC) and the Hawaii Department of Agriculture (HDOA) recognized limited harvest capacities as one of the primary constraints for expanding local beef production. It has been HCC's position that each island should have access to a full complement of harvest and processing facilities. The economic benefit of efficiencies achieved with consolidation should be balanced with the unique challenges Hawaii's beef industry faces. These include;

- the vulnerability of interisland transportation of perishable goods and/or live animals as it relates to;
 - food security and safety, animal welfare, affordable shipping rates, labor disputes and equipment failure
- the need to develop and maintain a diversified economic base and skilled labor force on outer islands
- limited competitive markets
- quasi-public responsibility of state-owned food processing facilities

Among other things previously identified (see attached, "A Livestock Harvest Facility for Hawaii"), the ideal model should address;

- Flexible marketing – direct sale vs retained ownership
- Increased capacity/access for all producers to harvest, process and market
- Growth of market share through "coopetition" vs direct competition
- Compliance with regulatory planning concepts and concerns, especially as related to environmental issues
- Preservation of the integrity of locally labeled beef
- Opportunity to expand locally branded products

Our producers continue to provide high-quality grass-fed beef year-round, which serves a loyal, sustainability-minded customer base that increasingly want to know where their food comes

from. HCC supports a business model that facilitates infrastructure that allows each island to maintain autonomy over its beef production from gate to plate.

A Livestock Harvest Facility for the State of Hawaii Hawaii Cattlemen's Council



Senate Bill 1257 provides \$1.5M for the planning and design of a livestock harvest facility within the state of Hawaii. This is an ambitious initiative that represents our strong belief in the future of our industry and our commitment to building infrastructure that will help grow and expand our local markets.

Our critical need for this project is based on the following;

- a. increased consumer demand for local beef
- b. increased market demand created by expanding programs, such as our schools' Aina Pono initiative
- c. availability for producers' strategic culling programs
- d. security for animal welfare in the face of disease or drought

The Request for Proposal (RFP) for planning and design should include the following key components and deliverables from firms who will respond;

1. An analysis of a viable business/feasibility plan that addresses expected throughput, revenues, expenses and return on investment related to the operation of a new facility. Our initial recommendation for Hawaii Island is for a 5,000 head capacity that can be expanded to 10,000 head/year. This will be varied island by island. We see this information as critical to attracting capital to our state and industry.
2. Schematics and drawings of the layout of a new facility that can be adapted to meet different environmental conditions for each island and can scale up or down to meet production needs.
3. Analysis and review of technologies to support the remote locations and sensitive environments in which this facility will operate.

4. Review of the following key features of the facility itself. These features will ensure that the proposed model will meet our goal of creating a facility that serves the sustainability needs of our industry addressed through these economic, social and environmental considerations.

Economic	<ul style="list-style-type: none"> • Capacity (target steady state, initial, and ramp up) • Scalable/modular • Marketing partner • Added value/processing • Certification for specialty markets – i.e. export, BRC, GFSI • Management expertise • Transportation costs • Flexible marketing – direct sale vs retained ownership • Innovation and technology • Useful life • Potential for multi-species use • Scope of facility—slaughter, processing, and further processing capabilities • Value Added Products and Processing
Social	<ul style="list-style-type: none"> • Food safety • Worker safety • Animal well-being • Employee engagement • Central location • Affordable housing
Environmental	<ul style="list-style-type: none"> • Renewable energy • Waste disposal - bio digester • Water resources and requirements • Critical path for permits • Environmental Impact Statement • Air emissions/odor • Proximity to existing infrastructure and need for establishment of new connections to electrical, water, wastewater, and roadways.

HCC believes our industry and agriculture as a whole are at a critical crossroads. There is a great deal to be optimistic about including consumer demand for more locally sourced food, public officials who have declared a commitment to improve Hawaii’s food security, an advocate in our HDOA administration who believe in the need for Hawaii’s agriculture to thrive and people within the ranching community with the will to move our industry forward. These things combine to create powerful synergy to keep our industry and agriculture a vibrant and relevant part of our state’s economy and landscape. This project is the result of that synergy and a real, tangible move forward for the beef industry.



1050 Bishop St. PMB 235 | Honolulu, HI 96813
P: 808-533-1292 | e: info@hawaiiifood.com

Executive Officers

Joe Carter, Coca-Cola Bottling of Hawaii, *Chair*
Charlie Gustafson, Tamura Super Market, *Vice Chair*
Eddie Asato, The Pint Size Corp., *Secretary/Treas.*
Lauren Zirbel, HFIA, *Executive Director*
John Schlif, Rainbow Sales and Marketing, *Advisor*
Stan Brown, Acosta Sales & Marketing, *Advisor*
Paul Kosasa, ABC Stores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*
Beau Oshiro, C&S Wholesale Grocers, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*

TO:
Committee on Agriculture
Rep. Mark J. Hashem, Chair
Rep. Amy A. Perruso, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 5, 2021
TIME: 10am
PLACE: Via Videoconference

RE: HB1206 Relating to Food Security

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

In recent years, a wide range of stake holders including ranchers, local food advocates, restaurants, grocery stores, and others have been working tirelessly to put Hawaii's local meat industry on a path to success. Supporting local meat means supporting local businesses, diversifying our economy and our local food supply, and growing local jobs.

This legislation would codifies existing best practices in the industry. It allows ranchers and meat producers to retain title of their product and to contract directly with retail outlets, and ensures a fair slot allocation of cattle at meatpacking plants for locally/specialty brands and the house brand. This protects the local brands developed over the years that we see in Safeway, Foodland, and KTA and continues to encourage a locally grown, grass-fed beef product. The equal 50/50 split also allows the House to prosper.

Hawaii's ranchers and meat worked hard and have invested in the growth of a local grass-fed beef sector in furtherance of the state's food security goals. The limits on the State's meat

packing capacity have become a roadblock in efforts to increase local meat production. By extension these limits are also an impediment to making Hawaii more food self-sufficient and resilient. The meatpacking plants at issue are state-government owned assets which sit on state land and therefor the interest of the public must also be considered. Passage of this measure is an important step in allowing the local meat industry to realize its full potential for Hawaii ranchers, Hawaii businesses, and Hawaii consumers. We thank you for the opportunity to testify.

HB-1206

Submitted on: 2/3/2021 3:50:49 PM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kanoe Schutte	Individual	Oppose	No

Comments:

My name is Kanoe Schutte and i strongly oppose this bill. By expanding capacity at the Big Island plant, ranchers such as myself will be able to sell and slaughter our animals. Access to small ranchers to kill slots at the facility has been limited by the dominance of large ranchers such as Parker Ranch. This bill will only make matters worse. Please help small ranchers — defer this bill.

HB-1206

Submitted on: 2/3/2021 3:59:03 PM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Zanga Schutte	Individual	Oppose	No

Comments:

My name is Zanga Schutte. I am a small rancher on the Big island. I have 700 head of cattle which I run on numerous acres of land. I strongly oppose HB1206. By expanding capacity at the Big Island plant, ranchers such as myself will be able to sell and slaughter our animals. Access to small ranchers to kill slots at the facility has been limited by the dominance of large ranchers such as Parker Ranch. This bill will only make matters worse. Please help small ranchers — defer this bill. Parker has dominated the cattle industry, it should not be allowed to dominate the processing industry too. 'Nuff already — Kill the bill! This is a bad bill. It's Parker Ranch's attempt to control the industry — they shouldn't be allowed to bully us. The bill needs to die. I'm tired of Parker Ranch bullying the ranchers. I want a seat at the table too. My cattle need to be slaughtered and marketed too. Please help the small ranchers. Kill the bill.



You're Someone Special

TO: Committee on Agriculture
Rep. Mark J. Hashem, Chair
Rep. Amy A. Perruso, Vice Chair

DATE: February 5, 2021
TIME: 10:00am
PLACE: Via Videoconference

RE: **HB1206** Relating to Food Security

POSITION: **Support**

KTA Super Stores is a locally owned and operated supermarket serving the island of Hawaii since 1916. With over 850 associates, KTA is committed to supporting the concept of food sustainability and advancing community partnerships and opportunities for the people of our island.

In recent years, an array of stakeholders including local ranchers, restaurateurs, retailers and locally-grown/raised food advocates have been working to put Hawaii's local beef industry on a pathway to success. Supporting local beef means supporting local business, diversifying our economy, increasing food sustainability, and of course growing local jobs.

The passage of HB1206 is an important step in helping to protect local beef production and the accompanying jobs the stakeholder group has worked so hard to develop. It is for this reason I am writing in support of this legislation. Thank you for the opportunity to testify.

Sincerely,

Toby B. Taniguchi
President
KTA Super Stores

PHONE: (808) 959-4575
50 EAST PUAINAKO STREET, HILO, HAWAI'I 96720

WWW.KTASUPERSTORES.COM



HB-1206

Submitted on: 2/3/2021 6:48:58 PM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Darrell Bueno	dB Cattle	Oppose	No

Comments:

I oppose bill HB1206 in which Parker Ranch is lobbying to stifle the growth of the processing plant on Hawaii Island. Parker Ranch fills the bookings have nearly 70% of bookings of the plant in its current state. Frank and his team want to continue to take Parker's cattle but expand operations to be able to accept other ranchers cattle which would benefit the small guy. In the plants current capacity they are unable to commit to accepting smaller ranches from booking. Some ranches have been told they would not be able to make a booking for sometimes six months out. This adds additional burden and expenses for the struggling little guy. Parker attempting to use legislation to stop or prevent expansion is detrimental to the entire livestock future in Hawaii. If the State really wants to expand local food production, this bill should not be considered at all. I am a rancher who only has capacity to raise 35-40 cows. Why is it that Parker's cattle are more important? Last time I checked my cattle will bring the same amount on the rail as there's. I recommend putting an end to this nonsense and kill bill HB1206

Darrell Bueno (Oahu Cattlemens Association President)

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

MORRIS M. ATTA
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

**TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE HOUSE COMMITTEE ON AGRICULTURE

**FRIDAY, FEBRUARY 5, 2021
10:00 A.M.
CONFERENCE ROOM 325**

**HOUSE BILL NO. 1206
RELATING TO FOOD SECURITY**

Chairperson Hashem and Members of the Committees:

Thank you for the opportunity to testify on House Bill 1206. This bill initiates reporting requirements and safeguards to prevent anti-competitive practices in the meat processing industry. The Department offers the following comments.

This measure appears to be applicable only to "State-owned meat processing establishments." Ordinarily, anti-competitive regulations apply to all entities within a targeted industry, regardless of ownership status, to ensure that the anti-competitive practices of concern are addressed uniformly, evenhandedly, and effectively, throughout the subject industry. If the distribution of public versus private ownership of such establishments changes, omitting privately owned meat processing establishments could impair the Department's ability to enforce the regulatory controls statewide in a fair and effective manner.

The phrase "State-owned meat processing establishment" needs to be clarified or defined. Under standard lease provisions issued by the State, improvements on State-owned lands are often owned by the lessee unless and until the termination of the



lease. Such ownership interests can be transferred between private parties by a sale and assignment of business assets. Consequently, it is possible that a facility that consists of improvements situated on State-owned lands may not be “owned” by the State.

We are concerned that the measure may confer anti-trust regulatory enforcement responsibilities on the Department that goes beyond our current scope of authority and expertise. The required reporting of proposed planning, marketing and statistical information may provide useful information for market analysis and development strategy, however, the Department lacks the expertise to determine whether data reveals predatory anti-competitive activity that is intended to be addressed by this measure. As the Department has limited number of staff statewide, the monitoring of reporting requirements and determining the validity of such would be beyond the Department’s current expertise and workload capacity.

“Meat processing capacity” is driven by technological advances and business practices within the industry. When leasing State lands, the Department does not direct or dictate how a lessee conducts its business operations. Since the Department neither tracks “meat processing capacity” measurements nor oversees how that capacity is formulated or achieved, it would not be advisable for the Department to be the regulatory authority setting or placing limitations on those activities. The department believes, however, that limiting the product output capacity of state-owned facilities could stagnate or inhibit the growth of these businesses, disincentivize the lessee from investing in capacity improvements, and adversely affect local job creation in the meat packing industry.

Thank you for the opportunity to testify on this measure.

HB-1206

Submitted on: 2/3/2021 7:49:01 PM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Brendan Balthazar	Individual	Oppose	No

Comments:

I have a big problem with Section 2.a.1 We already have a Stockers and Packers act to protect from this. Limiting the house brand to 50% . How can any business grow. This will cause a big problem for a lot of small ranchers. Before Hawaii Meats got into business those of us on Maui especially the smaller ranchers had no where to slaughter and sell our cull cows. Now we can ship them and get the same price as the bigger ranchers. I have personally shipped cattle to them from all the larger ranchers here along with over 20 of the smaller ranchers. If this passes that may be the end of our only market.

2. showing existing and projected markets and sources of cattle supply along with the price paid is wrong. What company would disclose this kind of information to their competitors. The next time a contract comes up they can be under bid. Also Will all ranches including Parker Ranch who is primarily behind this be required to disclose the same information that they want the slaughter plant to?

Section 3C shall not hold or control ,either directly or indirectly more than 70% of meat processing capacity . If Parker and a few others want to control the market then have a better product, better service ,and better price. This is the American platform for business. Passing this bill will hurt mostly all the small ranchers.

Brendan Balthazar



Email: communications@ulupono.com

HOUSE COMMITTEE ON AGRICULTURE
Friday, February 5, 2021 — 10:00 a.m.

Ulupono Initiative supports HB 1206, Relating to Food Security.

Dear Chair Hashem and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food; renewable energy and clean transportation; and better management of freshwater and waste.

Ulupono supports HB 1206, which initiates reporting requirements and safeguards to prevent anti-competitive practices in the meat processing industry.

Ulupono has worked for many years to increase local grass-fed beef production in the State. One way in which we have done so is by partnering with Parker Ranch to form Paniolo Cattle Company (PCC) which produces grass-fed beef exclusively for local consumption. Beyond PCC, Ulupono supports the entire local livestock industry and its ability to process within the State and therefore welcomes new investment and expansion of processing capacity within the state. However, with more than 70% of meatpacking capacity in the state now owned/controlled ultimately by a single person/entity there is a considerable risk to competition and fair market access. With both Hawai'i Beef Producers on Hawai'i island and the O'ahu Kalaeloa slaughterhouse under common ownership, the market has been consolidated to a level that causes real concerns. This bill does not prevent investment in or expansion of meatpacking capacity in the state. It ultimately ensures fair market access and transparency, which is entirely appropriate, as both plants are on Hawai'i Department of Agriculture leases. This bill will ensure the following:

1. 50% of capacity is made available to non-house brands—ensuring that brands owned/controlled by the meatpacker cannot limit access to processing for independent producers with their own brands;
2. Annual reporting of plans/statistics for the packing plants for transparency and stakeholder engagement;
3. Non-discriminatory access to slaughter and processing services;

Investing in a Sustainable Hawai'i

4. The survival of independent brands by not allowing the meatpacker to require producers to surrender title (sell their cattle to the meatpacker for the meatpacker's house brands);
5. The meatpacking industry will not be able to consolidate further (beyond 70%) without the production of a market study to further examine market access, transparency and competition.

We believe the above actions are quite reasonable and necessary to ensure that all producers have access to slaughter and processing services. Furthermore, since both meatpacking plants are ultimately State assets, we believe the State has an obligation to ensure nondiscriminatory access for all producers, including those that wish to maintain their own brands and programs with retailers. It is fair to note that those with this high level of control over Hawai'i's meatpacking industry may never attempt to abuse their market power. However, this legislation ensures that there will not be any abuse.

Thank you for this opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

HB-1206

Submitted on: 2/3/2021 8:27:00 PM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Stephen A. De Luz	Individual	Oppose	No

Comments:

I am a small Rancher here in Hamakua on the Big Island, we run approximately 1800 breeding cows and 300 grass fed animals on 8000 acres. I oppose this bill because no one should control the market, it should be open to everyone. During these difficult times, everyone is doing their best to survive and we all need to be able to sell our cattle. We need to increase the capacity so every rancher can sell their cattle and get better prices. Thank you

HB-1206

Submitted on: 2/3/2021 8:31:21 PM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Julia Kaleohano-Jose	Individual	Oppose	No

Comments:

I, Julia Kaleohano-Jose am the owner of a small rancher on the island of Hawaii. With the assistance of my husband Shane Jose who is the 3rd generation of Ranchers have 50 head of cattle which we run on 110 acres on Hawaiian Homelands in Waimea. We strongly oppose HB1206, because we are a small ranch and our ranch can only survive if our animals are aggregated with others, slaughtered and marketed by the plant. We do not market as we need to ranch and tend to the animals to survive. This bill will hurt us as a small ranch. Please defer this bill.

HB-1206

Submitted on: 2/3/2021 9:25:22 PM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Paul J Deluz	Individual	Oppose	No

Comments:

I am Paul J. De Luz, and run a small family ranch on the big island near Honokaa. We run about 2503 breeding cows. Like others, we need to have a market for our cull cows and bulls, some times grass fat cattle. Frank vandersloot who purchased the two processing plants is giving us as small ranchers , new hope. We need to let Hawaii Beef Producers run there business as they please, and not having PARKER RANCH, and KUAHIWI wanting there way. Bill HB will destroy the lively hood of the small ranchers of the state of Hawaii. This Bill HB 1206 needs to be slaughtered. Remember lawmakers, we all pay our share of taxes like the big boys (PARKER Ranch/ KUAHIWI Ranch). Thank you.. Paul J. De Luz. Family run small cattle rancher.



Bobby Farias
President
Hawaii Meats, LLC
91-319 Olai Street
Kapolei, HI 96707

COMMITTEE ON AGRICULTURE
Representative Mark J. Hashem, Chair
Representative Amy A. Perruso, Vice Chair

Re: HB 1206

Friday, February 5, 2021, 10:00am
Conference Room 325
VIA Video Conference

Aloha e Chair Hashem, Vice Chair Perruso, and Members of the Committee:

My name is Bobby Farias, part owner of Hawaii Meats LLC, I am a 3rd generation rancher from Kauai. I **STRONGLY OPPOSE** HB1206. It imposes unreasonable and non-productive restrictions and requirements on the processing facilities that service the small family ranchers. I have been a part owner of the Kalaeloa Harvest facility since 2015. Over the years I have seen the growth of the local cattle industry and the opportunities for the local ranchers of Hawaii.

My family Ranch on Kauai had trouble for years getting our cattle into the local markets due to lack of slaughter and process capacity in Hawaii. This is what motivated me to get into the business. I met Frank VanderSloot early 2019 and explained to him the need for Hawaii to have a thriving slaughter/process business and that this would greatly increase Ranching opportunities, our local jobs and our local economy.

What we have all learned during COVID-19 is Hawaii needs even more food security. We need to build out all of our agriculture opportunities to the fullest so we can create some stability of our own. Like the Ranching community we are looking for growth and long-term opportunities so we can expand our ranching foot print so we can better serve our community.

Our goal is to add facility upgrades to increase the amount of local beef available to the markets and local farmers. We would like to support all ranchers. Our aggregated house brand will allow even the small ranchers who have no marketing or branding

capability to sell their cattle. The DOE contract is a great example of an opportunity for the small Rancher to have a large contract to sell to and was only available because of the “house brand” model.

I ask the Chair and the Agriculture Committee to kill this bill, as it has nothing in it that encourages a thriving Hawaii Beef Industry nor does it help grow our local economy.

Thank you for your time on this matter,

Bobby Farias
President of
Hawaii Meats, LLC

SCOTT E. ENRIGHT COMPANY LLC

To: Representative Mark J. Hashem, Chair
Representative Amy Perruso, Vice Chair
Members of the Committee on Agriculture

From: Scott Enright, President - Scott E. Enright Company, LLC

RE: HB 1206 Relating to Food Security
February 5, 2021; 10:00am; Conference Room 325

Position: **OPPOSE**

My name is Scott Enright. I am the former Chairperson of the Hawaii Department of Agriculture (HDOA) and currently serve as a consultant for Riverbend Management and Hawaii Meats, LLC. I strongly oppose HB1206.

Five years ago, while working for HDOA, I toured the State with Hawaii Cattlemen's Council and met with ranchers and producers from each island to determine what they needed in order for the cattle industry to flourish during the 21st century. The consensus opinion was that we needed capitalization for the back end of the business, slaughtering, harvesting, and processing of value added meat. The question we didn't answer was where the capitalization would come from. It's worth noting that the two slaughterhouses in question in this bill became state properties because the enterprises that were running them went bankrupt. The back end of the cattle business has been problematic in the State of Hawaii for a long time and it's always been about capitalization. We currently have with Riverbend Management and Hawaii Meats, LLC an enterprise capable of capitalizing the cattle industry in the State of Hawaii. Riverbend and Hawaii Meats have been operating for over a year in the State and few problems, if any, have risen. The assumption of this bill, without the benefit of negotiations between stakeholders regarding operating practices, is that the new ownership team will create problems severe enough that would want state involvement in the operations of an agriculture commodity group. This is a mistaken assumption.

I encourage the Chair and the Agriculture committee to kill this bill and allow the stakeholders involved in Hawaii's cattle industry to move forward and negotiate mutually beneficial terms that will enhance the cattle industry and agriculture.

Thank you for the opportunity to weigh in on this matter.

Sincerely,

Scott Enright

HB-1206

Submitted on: 2/3/2021 10:07:42 PM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jodi De Luz	Individual	Oppose	No

Comments:

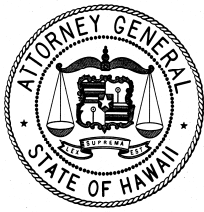
Aloha,

My name is Jodi De Luz. I am a small rancher on the island of Hawaii. I have a herd of 30 breeding cows, which I run on 100 acres. I strongly **OPPOSE HB1206**. By expanding slaughter capacity at the Big Island plant (Pa'auilo), small ranchers such as myself will be able to sell and slaughter or livestock. Access for kill slots to small ranchers at this facility has been limited by the dominance of large ranchers such as Parker Ranch (kill slots can be out as far as 6 months+). As a small rancher, access to kill slots are very important, because we don't have the resources to hold on to culled livestock for long periods of time, without it having a negative impact on our business. Passing this bill will only make matters worse for us small ranchers. This will be crippling for us small ranchers. I also don't understand how the government could dictate how a private business (Pa'auilo Slaughterhouse) owner, can operate and do business. **PLEASE, PLEASE help us small ranchers-PLEASE DEFER THIS BILL.**

Thank you for your time.

Mahalo,

Jodi De Luz



**WRITTEN TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTY-FIRST LEGISLATURE, 2021**

ON THE FOLLOWING MEASURE:

H.B. NO. 1206, RELATING TO FOOD SECURITY.

BEFORE THE:

HOUSE COMMITTEE ON AGRICULTURE

DATE: Friday, February 5, 2021 **TIME:** 10:00 a.m.

LOCATION: State Capitol, Via Video Conference, Room 325

TESTIFIER(S): **WRITTEN TESTIMONY ONLY.**
(For more information, contact Jennifer Waihee-Polk,
Deputy Attorney General, at 586-1180)

Chair Hashem and Members of the Committee:

The Department of the Attorney General provides the following comments.

The purposes of this bill are to (1) increase Hawaii's food security; (2) maintain and facilitate local job creation by encouraging the production of locally raised cattle and locally processed beef; and (3) institute safeguards to prevent anti-competitive practices in the meatpacking industry.

Among other things, the bill limits slaughter and meat processing capacity to no more than fifty per cent for house-branded meat products; requires filing of annual reports that include business plans showing existing and projected markets and sources of cattle supply; and restricts the hold or control (directly or indirectly) of more than seventy per cent of meat processing capacity statewide without a prior market study finding of adequate market competition by the Board of Agriculture.

We understand that there are currently only two slaughterhouses owned by the State being used by lessees leasing property from the Department of Agriculture. Because the bill would prohibit them from using their property fully, they might claim that this bill constitutes a taking of property requiring just compensation or is an impairment of contract, all in derogation of the Constitutions of the United States and the State of Hawai'i.

If the Committee wishes to better support the bill against such challenges, we recommend limiting the provisions of this bill to future leases and contracts.

Thank you for the opportunity to provide comments.

HB-1206

Submitted on: 2/4/2021 1:01:02 AM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Esther Benanua	Individual	Oppose	No

Comments:

My name is Esther Benanua,

I have family members as well as friends to very close friends who are cattle ranchers here on the Big Island. Their lives depend on the cattle industry. I strongly oppose HB1206. Parker ranch has already dominated the cattle industry, the company should not be allowed to dominate the processing industry too. This bill will have the small ranchers to suffer, they who rely on aggregation and plant labels to get their meat to the market for the ranchers do not handle marketing, they ranch. This bill is more than unnecessary, let the business run and let the market competition prevail. Please help the small local ranchers. Defer the bill.

Mahalo,
Esther Benanua

My name is Frank VanderSloot. I strongly oppose HB1206. My company, Hawaii Sustainable Beef Enterprises, owns a majority interest in both state-owned processing plants in Hawaii.

I am 72 years old. I grew up on a small ranch in northern Idaho. My family struggled financially. I was able to get an education and had success in business. I am the founder and majority owner of Melaleuca, The Wellness Company. Melaleuca has been doing business in Hawaii for over 36 years. We have a distribution center in Oahu and we have thousands of Hawaii customers who buy from us every month.

I have been blessed beyond anything I deserve. For the last 25 years I have sought out ways to pay back my many blessings by helping others who have been less fortunate than I. Five years ago, my wife, Belinda, and I purchased a ranch on the island of Kauai. We fell in love with the culture and the people here, especially the ranching community.

One of our main goals in Hawaii is to support the local ranching community and increase the sustainability of the Hawaii beef industry. It is well known that over 80% of the cattle grown in Hawaii are exported to the mainland and approximately 90% of all the beef consumed in Hawaii is imported from the mainland. That is because there is not enough beef processing capacity in Hawaii to process local beef. We are trying to change that by expanding capacity. Unbelievably, HB1206 would stop us from doing that.

Since COVID-19, there has been a renewed interest in having Hawaii become more self-sustaining in agriculture. We share that vision.

Many ranchers would like to keep their cattle here and process them here, but there simply is no capacity to do that. The two tiny state-owned plants are aging. No one has made any substantial investment in these two plants for the last two decades. We are changing all of that.

The Oahu Plant (Hawaii Meats)

Eighteen months ago, I became aware that the Oahu plant owned by Kunoa was close to bankruptcy and was about to close its doors. Over 40 employees were

going to lose their jobs. Bobby Farias pleaded with me to purchase the plant and try to keep it alive. I agreed to do that. Bobby stayed on as part owner of the plant.

This is not the first time I've gotten involved to try to save jobs and rescue a local industry by purchasing and renovating a plant that was about to be closed. The last time was a cheese plant in Blackfoot, Idaho. I lost money in that endeavor also, but we saved the plant and local industry and hundreds of jobs. It's one of my proudest life achievements.

<https://www.idahofallsmagazine.com/2014/01/dairyman-frank-vandersloot-saved-my>

We are trying to do the same thing here in Hawaii. Even though the Oahu plant lost more than \$4 million over the last 17 months, we have not laid off any employees and we have proceeded to make huge investments in plant renovations to expand capacity in order to turn the situation around.

Expanding capacity is the key. The local ranchers need the extra capacity, Hawaii needs local beef, and the plant needs the additional capacity to survive. If this bill passes, it will mean the death of the Oahu plant.

In 2020, we presented our expansion plans for the Oahu plant to the Department of Agriculture. They extended our lease so that we could have a chance to recoup part of our investment. We have already begun renovations. Because HB1206 prohibits any increase in plant capacity, if it passes we will have to scrap our expansion plans and the plant will have no chance to become profitable.

The Big Island Plant (Hawaii Beef Processors)

Jill Mattos has run the Paauilo plant on the Big Island for the last 15 years. She will be retiring at the end of this month. Jill, Jerry Igami, and Pono Von Holt sold majority interest in the plant to us approximately eight months ago. Her plant has serious capacity restraints. She can harvest more cattle but does not have the space or labor force to process more cattle. Two ranchers, Michelle Galimba and Parker Ranch, use up 70% of Jill's processing capacity. Michelle sells her

meat under the “Kuahiwi” brand and Parker Ranch sells most of its meat under the “Paniolo” and “Parker Ranch” brands. Some meat from Parker Ranch is also sold under the house brand.

Other ranchers have been pleading for plant capacity in order to harvest their beef. Some ranchers tell us that they have to kill their older cows on the ranch with no place to process them. We are working hard to solve this problem. We have learned that we can double the capacity to process Hawaii cattle by using the synergies between the two plants. We can use the harvest capacity on the Big Island plant and send carcasses to the Oahu plant for processing. Individually, neither plant can solve the problem. But, working together, they can.

On December 3, we met with Parker Ranch and informed them of our plan to double the slaughter capacity of the two plants to allow more ranchers a seat at the table. Parker Ranch has refused to talk to us since that day and now has proposed this legislation to stop our plans for expansion. We continue to reach out to them for a dialogue, but they have not agreed to a date to meet with us.

HB1206, drafted by Parker Ranch, will block other ranchers from having a way to process their cattle, forcing them to continue to send their calves to the mainland and not compete with Parker and Kuahiwi in Hawaii markets.

In its preamble, HB1206 states that we own 70% of the beef-processing capacity in Hawaii. And section 3 states that we will not be allowed to own more than 70% unless we can prove there is ample competition, which is, of course, an impossible hurdle to clear. Therefore, HB1206 forces us to cease all investment in expansion and keep the status quo. That works great for Parker and Kuahiwi because it blocks all competition, but it is disastrous for almost all other ranchers.

It’s important to note that the “house brand” is the brand that we develop for the benefit of all the ranchers who cannot afford to develop their own brand. It’s simply not feasible for most ranchers to have their own brand in retail stores. Therefore, the “house brand” is the brand that all other ranchers’ meat is sold under. Without the house brand, we could not purchase anyone else’s cattle because we would not have any way to sell it.

Section 1 of HB1206 limits the house brand from exceeding 50% of the sales of the plant. This section is entirely unfair to the hundreds of ranchers who do not have their own brand and must sell under the house brand. It means that all other ranchers combined will not be allowed to sell more meat than just Parker Ranch and Kuahiwi combined. The Big Island plant is already at 49.5% for the house brand. The Oahu plant is already past the 50% limit that HB1206 sets! Therefore, if HB1206 passes, the Big Island plant will be prohibited from growing the house brand for smaller ranches and the Oahu plant will have to substantially reduce its sales of small rancher's beef to come down below the 50% mark! This cannot be what the State of Hawaii wants!

No one has previously invested in these two tiny plants because there simply is not enough financial return to warrant the investment. The plants are far too small to compete with the mainland plants that are over 100 times larger and whose processing costs per animal are half what they are in Hawaii. We are willing to invest simply because we feel it is the right thing to do for the entire Hawaii ranching community. If we are allowed to grow, we feel we can make these two plants viable operations. We know we will not get all of our original investment back. However, we believe that there are other rewards in life than simply financial rewards. Sometimes, knowing you did the right thing to help others out is reward enough.

Parker Ranch and Kuahiwi Dominate

Parker Ranch and Kuahiwi own 100% of the shelf space for local beef in Safeway and Foodland. No one can blame them for wanting to protect their space, but trying to keep other ranchers from having a place at the table is wrong. We simply cannot support their efforts to continue to elbow out other ranchers. HB1206 is designed to do exactly that.

We understand that we have a big responsibility to all ranchers and that we need to operate fairly with all ranchers, including Parker Ranch and Kuahiwi. And we will. No one has suggested that this bill is necessary because we have done something wrong. And we won't. Existing law already prohibits wrongdoing in this arena.

This dispute is very uncomfortable for us. We do not want drama and dissension. We want to be good stewards for everyone. We seek peace and partnership. Parker and Kuahiwi are our largest customers. Their business is very important to us. We pledge to continue to serve them honorably, but we cannot support their efforts to block other ranches from having the ability to process their beef.

If the legislature passes HB1206, it will be disastrous for the Hawaii ranching community and the goals of the State of Hawaii to become more self-sustaining in agriculture. For the sake of Hawaii ranchers and the people of Hawaii, please defer this bill.

HB-1206

Submitted on: 2/4/2021 9:00:14 AM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Michelle Galimba	Kuahiwi Ranch	Support	No

Comments:

Aloha e Chair Hashem, Vice Chair Perruso, and Committee Members,

I would like to express my **support** for HB1206.

This bill makes important provisions to safeguard the future of local, grass-fed beef production, which many ranchers have spent years to build into a viable market.

Our family ranch - Kuahiwi Ranch - is located in the Ka'u district of Hawai'i Island. We have been producing beef under our Kuahiwi Ranch brand for the local market for about twelve years, primarily using the Hawai'i Beef Producers plant in Pa'auilo for processing. However we also use Kulana Foods, and the mobile slaughterhouses on Hawai'i Island. Our beef can be bought at Foodland and Whole Foods markets, as well as at restaurants, the local farmer's market, and our ranch store. Our ranch coordinates with other ranches on Hawai'i island to coordinate and supply beef to Foodland, providing market access to ranchers that do not have the capacity to supply the market every week of the year. We have worked many years on this and hope to continue providing locally grown, grass-fed beef for many more years to come. Having a healthy livestock processing supply chain is critical to our ability to do so.

Looked at from a food systems point of view, this bill aims to maintain a healthy diversity of processors. This is important because Hawaii Beef Producers only slaughter and processes cattle. If they drive the other slaughterhouses out of business there will be no processing capacity for the many small pig, sheep, and goat producers on Hawai'i island. This hurts our sustainability goals and deprives many people of a source of income and food.

Simply put, lack of competition among processors puts local food producers at risk. Without competition, producers are apt to lack access to processing capacity at a reasonable price or to receive depressed prices for the products that sell to the processor.

You have only to look at what happened to our dairy industry to see how damaging lack of competition among processors can be to agricultural production. With only one processor, dairy producers were forced to accept prices for their raw milk that did not allow for the sustainability of their businesses, and ultimately has led to the near total decline of the dairy industry in the state of Hawai'i.

The business eco-system in Hawai'i, especially in agriculture, is different than that of the US mainland. Our businesses must contend with global economic forces within an extremely small marketplace with high costs of doing business. Strong, thoughtful, engaged support from policy-makers as the representatives of the public interest and our policy priorities as an island community is essential to our survival.

Thank you for your consideration of this important matter.

Sincerely,

Michelle Galimba, VP

Kuahiwi Ranch

PO Box 24

Naalehu HI 96772

HB-1206

Submitted on: 2/4/2021 9:11:08 AM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Guy K Schutte	Individual	Oppose	No

Comments:

Aloha,

My name is Guy Schutte, I'm from the Big Island of Hawaii. I am a small cattle producer here on island, as well as a local cattle broker here in the islands. I am not in support of bill# HB1206 submitted to legislature by Hawaii's historical ranch / Parker Ranch. This bill should be "Nulled" without prejudice.

The local slaughtered cattle supplied here in the State of Hawaii has increased its demand which promoted higher production levels of numbers in slaughtered cattle over the past few years. That's due to high cost of imported mainland beef to our local grocers and market chains. Imported beef puts financial burdens on local consumers due to heavy packer pricing. However, local consumers don't mind spending a few pennies more for local raised beef. The highlighting caveat of local beef supply, gives the consumers a sense of comfort, confidence and satisfaction knowing where and who the supply of local beef comes from. Parker Ranch, Kuahiwi, Hawaii Meats on Oahu and with the help of small ranches has supplied and furnished the demand of local raised beef from a short past to present.

Reason non-support of bill#1206:

70 percent of slaughtered cattle this past year at (HBP) Hawaii Beef Producers were from Parker Ranch & Kuahiwi Ranch alone. That's only two ranches in a years time. The 70 percent volume that's produced in this case seems like a sieged market. Limited holding pens and refer space due to the two ranches, leaves the small producers in solitude and despair.

Example: Small producers tries to get slaughter bookings and can't, not [till 3 to 8](#) months out. The created bottleneck at the slaughter house is due to the mass volume of cattle, causing unfortunate circumstances to the small producers finding other means to sell their cattle. Even to euthanize their cattle because of diminishing forage causing starvation from drought weather, and lack of available resources. This is reflecting the long wait of 3-8 months available slaughter openings. So it's not hard to point out the big elephant in the small room. To which is the reason, this would be a double standard under the given circumstances. This type of siege by two high volume slaughter cattle producers leave very little hope and enthusiasm for the small producing ranches to get their cattle sold for slaughter.

. Frank Vandersloot (HBP) business projection plan does not in any way create or infiltrate a hostile take over, but to double and implement the slaughter capacity making availability of opportunities for the “big” and “small” cattle producers state wide.

Having the three entities Parker Ranch, Kuahiwi Ranch and HBP striving for the same cause, will balance out over a period of time. In a broad spectrum a conglomerate effort by the three entities working together would enhance beef production visioned by HBP as whole for all cattle producers in the state of Hawaii.

We the “cattle producers of the State of Hawaii” has an enormous steak hold in this huge unsettled incursion. Hopefully we will find common ground together.

This is written with great respect and unbiased critique for the three entities.
Parker Ranch, Kuahiwi Ranch & HBP

Mahalo,
Guy K Schutte

HB-1206

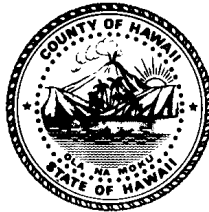
Submitted on: 2/4/2021 9:33:32 AM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jo-Anne Aiwohi	Individual	Oppose	No

Comments: No entity should have the power to have a bill such as HB1206. This will affect smaller ranches, it will not only destroy their businesses but the lifestyle many have lived for many years that's been passed on for generations. Before introducing this bill, this committee should have reached out to the ranching communities for input - small to large ranches should all have a say. All should have equal treatment, not one over the other. What happened to Equal Opportunity?

County of Hawai'i
Council District 9 -
North and South Kohala



Phone: (808) 961-8564
(808) 887-2069

Email: tim.richards@hawaiiicounty.gov

Chair: Committee on Regenerative
Agriculture, Water, Energy, and
Environmental Management

HERBERT M. "TIM" RICHARDS, III
HAWAII COUNTY COUNCIL
DISTRICT 9

25 Aupuni Street, Ste. 1402, Hilo, Hawai'i 96720

February 4, 2021

House Committee on Agriculture
Honorable Representative Mark J. Hashem, Chair
Honorable Representative Amy A. Perruso, Vice Chair
Submission via online testimony

RE: **Support of HB 1206**
Hearing Date/Time: February 5, 2021

Dear House Representatives:

As the Chair of the Committee on Regenerative Agriculture, Water, Energy, and Environmental Management for the Hawai'i County Council, I thank you for the opportunity to submit **testimony in STRONG SUPPORT and it's intent of HB 1206**, which initiates reporting requirements and safeguards to prevent anti-competitive practices in the meat processing industry.

The cattle industry in Hawai'i dates back almost 175 years, with a rich and deep heritage of the Paniolo. Part of that heritage has been providing a consistent protein supply to our state communities in the form of beef throughout the years. During the 1980's of local production and finishing, our cattle industry supplied almost 1/3 of our needs. In the last 20 years, the industry shifted; exporting most of our young cattle to the mainland, as taking the cattle to the feed made more economic sense than bringing the feed to the cattle. This went on until the late 2000's and then something changed. It was a 'back to the future' scenario. There was a reawakening interest in grass and foraged raised beef. The industry started responding to this by developing the local markets. Further, there was greater interest in food security and self-reliance and the industry continued to build in that direction. Fast forward to today, we have growing local markets that are increasing our food security while expanding the cattle agriculture economy.

House Committee on Agriculture
Honorable Representative Mark J. Hashem, Chair
Honorable Representative Amy A. Perruso, Vice Chair
February 4, 2021

The bottleneck has always been processing. Historically, we had competing processors that vied for cattle and developed competitive pricing. If we are to expand the market going forward and have transparent cattle pricing, no one packing plant can control the packing industry, as any monopoly can be deleterious to the raw product supplier; in this case the cattlemen. We have seen consolidation in the industry over the last 100 years but checks and balances are in place as had been seen in the Packers and Stockyard Act of 1921.

This bill supports transparency and open reporting of any processor that may control 70% or more of the packing industry. I encourage the passing of this bill as it will ensure fair pricing for the cattle industry and success in the industry growing and going forward. Some language and definitions may need amendment, but the intent of the bill is important.

Please feel free to contact me should you need to discuss my position and knowledge of this matter further.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Richards", with a stylized flourish at the end.

TIM RICHARDS
Hawai'i County Council, District 9

HB-1206

Submitted on: 2/4/2021 9:42:07 AM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jimmy Greenwell	Individual	Comments	No

Comments:

I basically concur with the testimony submitted by the Hawaii Cattlemen's Council on HB 1206 and the Position Statement on Local Beef Production attached thereto. The issues raised by the current leasehold control situation at Paauilo and Kalaeloa are very significant and could represent either a threat or an opportunity for the local beef industry depending on how the stakeholders proceed. We as an industry need to advocate for both the smaller producers who need expanded market access as well as those producers who are willing to invest in their own branded products. In my personal opinion, the success of each is critical and the interests of both sides can and need to be balanced driven primarily, if possible, by a dialogue in the spirit of cooperation reserving government intervention as a last resort,

HB-1206

Submitted on: 2/4/2021 9:55:20 AM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Sara Moore	Kealia Ranch	Oppose	No

Comments:

I oppose this bill as written. As manager of Kealia Ranch, one of the larger cattle producers on the Big Island, I believe the Federal Packers and Stockyards Act sufficiently protects against unfair anti-competitive practices at our local packing plants. There are consequences in place. The government should not create a mandate that could over time, have negative consequences to the small ranchers and farmers.

LATE

HB-1206

Submitted on: 2/4/2021 10:01:51 AM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Bud & Katy Gibson	Individual	Oppose	No

Comments:

Aloha,

We are ranchers on the island of Oahu and run 500 head of cattle on 3200 acres of lease land. We **strongly oppose** HB1206. This bill does not help the smaller ranchers such as ourselves..

This matter should be resolved by the parties involved along with our Hawaii Cattlemens Council that represents all the cattlemen/rancher in Hawaii. This bill only targets two processing plants that are trying to expand and make a fair market for every cattleman no matter how small you are. We cannot emphasize enough how detrimental this bill will be to our industry. This will only serve to cause more hardship and does not and will not increase Hawaii's food security. This issue should not be dealt with by legislation.

Mahalo



LATE

Barbed S Ranch, LLC

86-412 C Lualualei Homestead Road
Waianae, HI 96792
(808) 696-8048 FAX (808) 696-7837 e-mail fkamasilva@gmail.com

TO: HONORABLE MARK HASHEM, CHAIR, HONORABLE AMY PERRUSO, VICE CHAIR AND MEMBERS OF THE HOUSE COMMITTEE ON AGRICULTURE.

SUBJECT: **STRONG OPPOSITION TO H.B. 1206 RELATING TO FOOD SECURITY.**

Initiates reporting requirements and safeguards to prevent anti-competitive practices in the meat processing industry.

HEARING

DATE: Friday, February 5, 2021

TIME: 10:00 am

PLACE: VIA VIDEO CONFERENCE

Dear Chair Hashem, Vice Chair Perruso and Members of the Committee,

We are a small cow-calf operation located on Oahu and Hawaii Island. As a meat producer who has struggled for decades to obtain adequate harvesting and processing services for our animals *we are opposed* by this effort to limit the capacity of the current or any future processing plants here in the state.

This proposed legislation would directly negatively impact our industry and our operation. The small local producer has consistently been pushed aside for their processing needs for the benefit of the few, larger local producers or importers. What we begged for many years was increased capacity and fairness in scheduling. This Bill does just the opposite by limiting capacity thus virtually shutting out all but two of the largest Hawaii island ranchers. Hawaii now has a new player who has invested much needed capital and the desire to build our industry to meet the needs of self-sustainability. We fully support the operation and any desired expansions, unfettered, of Hawaii Meats or any other meat processing or packing operation here in the state. It is the American way. Further legislation is not needed.

Please know that the desires of the introducers of Bill 1206 is not indicative of our industry as a whole and that the stated purpose of the Act is not being achieved by this Bill. Meat producers in Hawaii, whether it be beef, pork, lamb or otherwise, need to have the services of quality processing plants in order to meet the needs of feeding our citizenry. This Bill hinders that.

Accordingly, Barbed S Ranch LLC, Leeward Paniolos 4-H Livestock Club, Henry Silva and myself, Frances Kama-Silva, strongly oppose H.B. 1206 and recommends that the Bill be held by the committee.

Mahalo

TESTIMONY IN OPPOSITION TO HB 1206
House of Representatives Agriculture Committee Hearing
February 4, 2021

Chair Hashem, Vice Chair Perruso and Members:

This bill is a wolf in sheep's clothing; it addresses problems that do not exist by imposing ham-handed "solutions" that, in reality, are designed to benefit only a few ranches, to the detriment of many. If passed, it damage the industry and violate the vested legal rights of the current operator of the targeted meatpacking plants on Oahu and the Big Island (the "Plants").

The bill is premised on the notion that imminent action is needed to protect consumers, local ranchers, and the industry at large from imminent threats. In fact, it promotes only the interests of the current dominant Big Island producers based upon a false narrative about the state of the industry and the challenges that must be overcome to expand local beef production for our Islands. Worse, it seeks to impose unnecessary and even illegal requirements on the current lessee/operator even though it has (1) committed to improving market opportunities for ranchers statewide, and (2) neither said or done **anything** to warrant criticism, much less the burden of legislation that is premised on fear of non-existent anti-competitive practices.

There is no doubt that the limited current capacity of the Plants is impacting the growth of the local beef industry. But that is a problem that existed long before the current owner acquired the Plants, and, it is exactly why the new investor, Frank Vandersloot,¹ has committed millions of dollars to expand capacity and developed plans for streamlining processing statewide to make the Big Island

¹ Mr. Vandersloot, the founder of Melaleuca (www.melaleuca.com), is the principal investor in Hawai'i Meat Company. A rancher himself, Mr. Vandersloot is well known for his support of farmers and other charitable works. For example::

- <https://www.idahofallsmagazine.com/2014/01/dairyman-frank-vandersloot-saved-my>
- <https://www.cnbc.com/2019/05/02/billionaire-unveils-fund-to-defend-people-from-medical-debt-collectors.html>
- <https://www.redcross.org/local/idaho/about-us/news-and-events/news/When-disasters-strike-Melaleuca-delivers-supplies-hope.html>

To Committee on Agriculture
House of Representatives, State of Hawai`i
Page 2

plant more accessible to the many ranchers who need the Plants to slaughter, process, package, distribute, and sell their beef. In short, Mr. Vandersloot seeks to expand the market, instead of allowing continued domination by Parker Ranch (in Kamuela) and Kuahiwi Ranch (in Ka`u).²

Only big ranches like Parker and Kuahiwi can develop recognized brands and vertically integrated operations that take cattle from field to supermarkets. All other ranchers, large and small, depend on processors, such as the Plants, to do more than just slaughter and cut. They require packaging, distribution and marketing, which the Plants provide. The cattle these other farmers produce are marketed under the Plants' "house brand."

Because they provide essential services for the ranchers who produce 80% of Hawai`i's cattle and do not have their own brands, the Plants are in direct competition with the larger vertically integrated operations with respect to distribution and sales of processed beef. This bill would hamper the Plants' ability to compete, which will hurt ranchers who need the Plants to get their beef to market. It would benefit Parker and Kuahiwi--based upon false premises, groundless fears, and anti-competitive operating restrictions.

Specifically:

- The bill describes a federal regulatory regime which is robust and well-developed. There is no reason to believe that the federal rules are inadequate for Hawai`i. Another layer of bureaucracy is not needed and cannot be justified in the absence of evidence of some wrongdoing. Here, there is none.
- The bill says nothing about why further regulation is needed: there is no suggestion that the owner of the Plants has threatened, much less taken, any anti-competitive action against anyone. Indeed, the opposite is true; the planned expansion and the operational changes

² Historically, Parker and Kuahiwi have had preferential access to the Big Island plant for both slaughtering and processing. In 2020, 70% of the plant capacity was used to slaughter their cattle. As a result, other local ranchers--who produce 80% of the cattle in Hawai`i--have been unable to have many cattle processed locally. Mr. Vandersloot seeks to expand both slaughter and processing capacity, which will benefit ranchers throughout the State.

To Committee on Agriculture
House of Representatives, State of Hawai'i
Page 3

proposed by the Plants' owner will expand market opportunities and increase competition statewide.

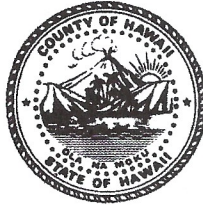
- The State does not “own” the Oahu Plant. Under the lease, it owns the ground, but the improvements belong to the lessee.
- The existing leases contain no provisions that allow the State to control the operations or other business activities of the lessee. Imposing such terms on a party to an existing agreement will violate the Contract Clauses of the Hawai'i and U.S. Constitution. The illegal new burdens include, for example, the requirement that the operator provide “processing services” in addition to “slaughter services” and the restrictions on (1) the amount of business that the Plants can do with ranchers who produce cattle that must be marketed under “house brands” and (2) expansion that is essential to establishing an economically viable operation.
- The proposed new statutes against unfair competition are entirely unnecessary. Hawai'i law (H.R.S. Chapter 480) already bans all types of unfair competition. Moreover, targeting only operators of “State-owned meat processing establishments” (which applies only to the Big Island) is illogical discrimination. All market participants should be subject to the same laws.
- The prohibition against expansion by “[l]esseees and operators of State-owned facilities” which hold or control “more than seventy per cent of meat processing capacity” will:
 - Derail current plans to expand capacity, to the detriment of consumers and small ranchers, even though (1) no one disputes the need for additional processing capacity, (2) the Plants need added production to operate profitably, and (3) no one else is clamoring to create new meatpacking facilities.
 - Unfairly and illegally restrict the operations of the current Plant owner, but no one else.
 - Unfairly put the decisions about whether and when to allow expansion in the hands of the Board of Agriculture, which lacks the funds, staff, and expertise to assess whether there is “adequate market competition” in this area.

To Committee on Agriculture
House of Representatives, State of Hawai'i
Page 4

- Limit the processing capacity perpetually if, as seems clear, there is no competitor seeking to develop new facilities. Currently, more than 50% of the output of the Plants is sold under the house brands. Therefore, the bill forecloses any expansion of those brands, which blocks new marketing opportunities for the Plants and, thus, for the ranchers who don't have their own brands. This means the bill will permit only Parker and Kuahiwi to grow their market share.
- Limit the operations based on historical data regarding processing capacity which has no relevance to current market conditions, which hurt small producers, and which undermine the Plant Operator's investment-backed expectations. And,
- The imposition of reporting requirements that overlap with the requirements of federal law is wasteful and unnecessary. There is no evidence that imposing such demands will in any way producers, regulators or consumers. It is simply make-work for the Plants and the Department of Agriculture.

Mr. Vandersloot and his management team are committed to growing the local beef industry in a way that helps small ranchers and consumers. This bill--which has significant legal flaws--will undermine those efforts for the benefit of a handful of companies. Absent evidence of abuses that require legislative correction, it should not be approved.

Mitchell D. Roth
Mayor



LATE

Douglass S. Adams
Director

Dr. Sulma Gandhi
Deputy Director

County of Hawai'i

DEPARTMENT OF RESEARCH AND DEVELOPMENT

25 Aupuni Street, Room 1301 • Hilo, Hawai'i 96720-4252
(808) 961-8366 • Fax (808) 935-1205
E-mail: chresdev@co.hawaii.hi.us

HB1206

DATE: Friday, February 5, 2021 TIME: 10:00 a.m. PLACE: VIA VIDEO
CONFERENCE

Chair Hashem, Vice Chair Perruso, and Members of the Committee on
Agriculture,

The County of Hawai'i supports HB1206 with comments. This bill initiates
reporting requirements and safeguards to prevent anti-competitive practices in
the meat processing industry.

The County of Hawai'i supports House Bill 1206, Section 2b which reads as:

(b) Lessees and operators of State-owned meat processing establishments

shall:

(1) Not use any unfair, unjustly discriminatory, or deceptive practice or
device;

(2) Not make or give any undue or unreasonable preference or advantage to
any particular person or locality, or subject any particular person or locality to any
undue or unreasonable prejudice or disadvantage; and

(3) Shall provide slaughter and meat processing services without requiring
customers, including ranchers and other producers, to surrender title to the
animals to be slaughtered and processed. If the title is retained by the customer,
then slaughter and meat processing services shall be provided and not limited to
only slaughter services.

The County reserves comment on Sections 1, 2a, c, and d.

The County of Hawai'i would like to ensure that fair market practices are in place
to maintain the vitality of the local livestock industries. We look forward to
continuing the conversation with all parties to maintain a viable cattle industry on
Hawai'i island.

Our position is based on the following developments and practices:

The meatpacking plants on Oahu (Kapolei) and the Island of Hawai'i (Paauilo) were recently purchased and the operator of these two plants currently controls approximately 75% of the beef cattle processing capacity in the State of Hawai'i. The Paauilo meatpacking facility processes approximately 90% of the beef cattle on Hawai'i island.

Hawai'i has struggled with its dependence on imported food to feed its population. There is a call to increase food production, to support the local producers, and to raise safe and healthy products. Grass-fed beef has been determined to be healthier than grain-fed beef from the mainland. Hawai'i Island has many ranchers who have worked for years to develop and supply their local niche markets.

The County is concerned that the processor's business plan may upset the delicate local market that has been developed between the processor's retiring manager and local livestock producers. The bulk of the cattle processing on Hawai'i island is controlled by the Paauilo slaughter facility. Despite controlling the cattle processing, the facility manager worked with local producers to support their individual efforts to develop the local market for their beef products. That manager will retire in March and the plans for the facility and the relationship with the local cattle industry has been vague. Additional dialogue is necessary to ensure a stable market for the entire cattle industry on Hawai'i Island.

respectfully,

A handwritten signature in black ink, appearing to read "Douglass S. Adams", with a long horizontal line extending to the right.

Douglass S. Adams
Director, Research and Development

LATE

HB-1206

Submitted on: 2/4/2021 12:39:46 PM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
David S. De Luz, Jr.	Individual	Support	No

Comments:

Aloha Honorable Chair Vice Chair and Committee Members:

I have been involved, and continue to be active in the cattle industry/business for the last 15+ years, and my family for at least 70+ years, includeve of the processing side of this industry/business ans SUPPORT HB 1206.

Local access for the processing of locat cattle has been an on going issue for as long as i can recall/remember and this bill has the oppurtnity to hopefully address that producers/ranchers have an equitable weay to get thier livestock processed. It is also important, because both the Oahu and the Paauilo plants are on state lands/leases, that the purpose of these plants need to ensure to support and promote loca; agreicurlture/cattle processing.

Thank you for t he oppurtunity to offer/submit this testimony in SUPPORT of HB 1206>

Mahalo,

David S De Luz Jr

808-895-4284

LATE

KAPAPALA RANCH
P. O. Box 537
Pahala, HI 96777
Kapapala.ranch@aol.com
lanipetrie@aol.com

February 4, 2021

Chair Hashem, Vice Chair Perruso and Members of the House Agriculture Committee:

We **oppose HB 1206** as we do not feel this is a legislative matter at this date.

Kapapala Ranch has patiently supported the efforts of independent Ranchers to develop a Hawaiian-grown branded beef program which has been manufactured at the State-owned facility at Paauilo. We understand the importance of expanding local production for economic and market diversity as well as food security. But it is increasingly frustrating to be unable to get bookings for our own cattle, cull cows and bulls. Our current need represents about 4% to 5% of the plant's harvest capacity.

The new owner projects to double the capacity at the Paauilo facility within the year which is promising to our Ranch and yet at the same time we would not want to see the hard efforts of our fellow Rancher's fall by the wayside either.

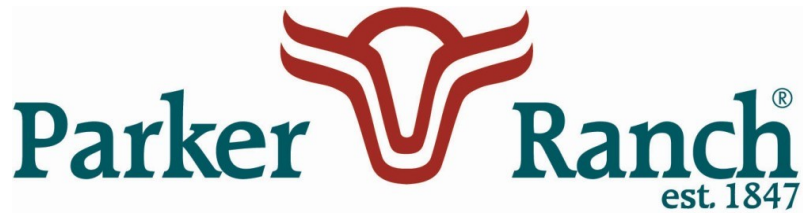
This is an industry problem, let industry sort through it.

Thank for the opportunity to testify to this Committee,

Sincerely,

KAPAPALA RANCH

Lani and Bill Petrie



February 5, 2021

Hearing Date: February 5, 2021

Time: 10:00 AM

Representative Mark J. Hashem, Chair
Representative Amy A. Perruso, Vice Chair
Committee on Agriculture
415 South Beretania Street, Conference Room 325
Honolulu, HI 96813

Re: Testimony in Support of HB 1206, Relating to Food Security

Dear Chair Hashem, Vice Chair Perruso, and Committee Members,

My name is Dutch Kuyper, and I am the President and CEO of Parker Ranch, Inc., a Hawai'i corporation that carries on the Big Island cattle ranching operations established by the Parker family in 1847. Parker Ranch strongly supports HB 1206, which institutes specific safeguards to protect producers from possible anti-competitive behavior by the monopoly meatpacker with concentrated control in Hawai'i, equal to controlling 70% or greater of meatpacking capacity within the State. We believe that this legislation is critical to ensuring food security and sustainability in Hawai'i, and assure the continued growth of the local beef industry.

Monopoly power can result in excessive or monopoly profits, profits in excess of what competitive markets would enable under normal market conditions with producers and retailers competing fairly with each other. The meatpacker is an intermediary between producers and consumers with tremendous potential to adopt anti-competitive tactics and harm others. Methods of extracting "excessive" profits from others could include prioritizing profits over market access for others, overcharging for processing provided to others compared to what it charges itself for the same services, low unfair prices paid to producers, and discriminatory treatment to reward or punish behavior, among others.

Local food production is an essential building block of sustainability and resilience. Hawai'i imports the vast majority of food, which we do not believe is sustainable, safe, or secure. Recent supply chain complications due to the COVID-19 pandemic have shown how vulnerable we are as an isolated island. Relying on imports also means that Hawai'i exports capital instead of investing in Hawai'i. Rather than paying a mainland company \$20 for imported beef, the \$20 can stay in Hawai'i and circulate within the local economy and support local jobs and a revitalized beef industry. Conscientious consumers can rest assured that they are purchasing fresh, high-quality beef, for their families and friends, and are supporting local jobs and Hawai'i's food self-sufficiency goals.

Ranching is by no means a new industry in Hawai'i, but large-scale local beef production for the local market is. Most Hawai'i producers, as we cattle ranchers call ourselves, have focused on exporting calves for the mainland market. However, over the last several years, Parker Ranch and other Hawai'i producers have worked hard to build local branded beef programs for local consumers. We are grateful for our customers who directly support our animals, paniolo, and our way of life.

We would not be able to process our beef for the market without the meatpacker, who is an integral part of our supply chain (which includes many jobs from rancher, producer, meatpacker, distributor, retailer, etc.). The meatpacker is responsible for the process between the rancher and the customer, and prepares and packages our beef products into T-bone steaks, stew meat, or ground beef, for your table.

The recent success and increased demand for local beef has incentivized more producers to produce beef for the local market. However, our industry is constrained by limited in-state meatpacking capacity, which prevents newcomers from offering new products. In other words, new ranchers looking to create branded beef products cannot do so because they cannot obtain slots to process their beef and prepare it for market.

There are two large meatpacking plants in the State that are federally licensed and capable of processing beef products on a large scale for the consumer market.

One is on Oahu (Kapolei) and the other on the Big Island (Paauilo). Together, these two plants make up over 70% of the total meatpacking capacity in the State. Both of these plants are owned by the State but operated by a private lessee.

The Paauilo Plant is particularly important because the vast majority of Hawai'i's beef is produced by ranches based on the Big Island. Cattle ranching is a historic industry and economic driver on the Big Island. There are many cattle ranchers on the island, and if a rancher wishes to produce beef for the local market, he or she really has no choice but to turn to the Paauilo Plant. Shipping cattle to process at the Kapolei Plant is not ideal for various food safety, animal welfare, and food security reasons. Not only are inter-island shipping rates high, it is impractical to ship products to Oahu only to ship it back for distribution to Big Island retailers, and risk complications during its transportation (natural disasters, labor disputes, scheduling, etc.). It makes practical sense for the entire meatpacking process to take place on the same island at one plant.

The rights to lease, operate, and control the State-owned Kapolei and Paauilo meatpacking plants were recently acquired by the same owner. This complicates things because the meatpacking plants and their affiliates are also direct competitors and producers of locally branded beef products. Simply put, the meatpacking plant processes local beef, purchased directly from Hawai'i ranchers, and markets it for its own branded beef products that directly compete with rancher-owned brands. The owner of both plants also owns cattle ranches in Hawaii and on the mainland, and can use his monopolistic meatpacking control to unfairly compete with Hawai'i ranchers.

The dilemma is the meatpacker seeks to promote its own brands while competing with others who need access to the plant to get product to their own markets. As a packer and producer, he can confer preferential treatment to his own producer companies, and punish his competitors. The meatpacker could use his position to possibly harm those other brands.

We are staunch supporters of fair competition.

Consumers often benefit from more competing products in the marketplace and competition often leads to innovation. However, there is a problem when one player has the unilateral power to control the market by arbitrarily increasing prices for services necessary to its competitors, prioritize production of its own products over its competitors, drive its competitors out of business, and prevent newcomers from entering the marketplace.

In other words, the meatpacker can charge producers more, much more, for comparable meatpacking services than it charges itself. The meatpacker can also reserve slots to process and package its own branded products and leave the other producers to fight for the few remaining slots among themselves. The meatpacker, not the ranchers, controls access to slots to process beef for the market.

Why would the State allow one producer to use State facilities to favor itself to the detriment of local ranchers?

Without instituting practical safeguards and assuring that competing ranchers can access meatpacking services with non-discriminatory pricing, there is a real risk that one player, the new owner of the plants who currently controls over 70% of the State's meatpacking capacity, takes control of 100% of the State's meatpacking capacity and becomes the dominant (and perhaps only) beef producer and supplier of beef product available to the local market.

The 70% threshold is critical to evaluate whether the expansion plans will benefit the local economy, including both consumers and producers.

Parker Ranch fully supports the expansion of the Paauilo plant because the Big Island is underserved in terms of meatpacking capacity relative to production capacity. Big Island produces about 70% of the beef in the State, but meatpacking capacity on our island only represents about 30-35% of statewide capacity. We need and want 2-3 times more meatpacking capacity on the Big Island right now, not just for our products, but for other Big Island ranchers who wish to produce beef for the local market.

We understand that the new owner plans to increase the capacity on Oahu by a factor of 500%, largely to handle processing of mainland beef imported from his ranching operations in Idaho. We don't see how this expansion strategy benefits either consumers or producers in our State. We do see how it benefits his ranching operations on the mainland and the State of Idaho. The State already imports food products of all kinds, including boxed beef from the mainland. How would this Oahu expansion plan help the State achieve sustainability?
It wouldn't if the majority of the new capacity is dedicated to his mainland beef.

We are proud of the quality product that we have created and that we can share the paniolo legacy directly with local consumers. We are also encouraged by increased interest by other ranchers who wish to enter the market. We hope to continue to provide local beef for local people for years to come.

HB 1206 provides all local ranchers with protection against the risks of monopolistic power and anti-competitive behavior. All local ranchers except the ones controlled by the owner of the Oahu and Big Island plants should support HB 1206.

For the foregoing reasons, we strongly support House Bill No. 1206. Thank you for the opportunity to testify on this measure.

Sincerely,

Parker Ranch, Inc.

By: Neil "Dutch" Kuyper

Its: President and CEO

LATE

HB-1206

Submitted on: 2/4/2021 1:33:45 PM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Mark Patterson	Kawailoa Youth and Family Wellness Center	Oppose	No

Comments:

Aloha, My Name is Mark Patterson administrator of the Kawailoa Youth and Family Wellness Center. Kawailoa located in Kailua, has been ranching Cattle for the past 92 years. As the states only cattle operation, we currently have a herd of thirty-three (33) mother cows on property and an additional 25 steers on pasture land in Waiawa.

Are herd are primarily utilized to feed the incarcerated youth population as well as the husbandry aspects of teaching the youth basic life skills and work ethic.

The ability to slaughter are cattle in a timely manner is crucial to assuring that are population receives its meals. this becomes difficult if one organization holds the majority of the slaughter weekly floor space. A small operation such as ours would have to wait months just to find floor space.

In the middle of this COVID-19 pandemic and considering the bleak post COVID-19 food shortages and the ability of the public to purchase. We need to begin to draft laws that will support the entire beef industry and not just the larger producing ranchers. The solution to any problem is in the community not the few.

We have seen to many small business close around the state while the larger ones are allowed to remain open.

Economic solution should involved all ranchers for small and large so together as a community we can pull ourselves out of this pandemic.

Mahalo



LATE

Hawaii Foodservice Alliance LLC, 2720 Waiwai Loop, Honolulu, HI 96819
Tel: 808.839.2004 ~ Fax: 808.839.2033 ~ HFA@HFHawaii.com

Date: February 4, 2020
To: Chair Hashem
Vice Chair Perruso
Rep Lowen, Rep Martin, Rep Matayoshi, Rep Todd, Rep Tokioka, & Rep Matsumoto
Fm: Chad Buck, Owner, Hawaii Foodservice Alliance LLC
Re: **SUPPORT for HB1206**

Dear Chair Hashem, Vice Chair Perruso, and Committee Members,

Hawaii Foodservice Alliance has locally owned and operated food distribution facilities on Maui, Kauai, Oahu, and the Big Island. We employ several hundred staff members and serve every grocer, retailer, club, and c-store chain on every island, every day. Hawaii Foodservice Alliance is in full **support for HB1206**.

Through a variety of very recent events, our state has allowed an out-of-state individual to take control of between an estimated 70% and 80% of all cattle slaughter and processing in Hawaii.

Simply put, controlling slaughter and processing means you control the ranches that raise cattle and the overall supply of local beef for local people.

Without guaranteed access to slaughter and processing, Hawaii's ranchers are forced to send their cattle to the mainland or stop raising cattle all together.

During the outbreak of the COVID Pandemic in Hawaii, Hawaii Foodservice Alliance was tasked by government agencies, non-profits, and the Hawaii Farm Bureau to supply local beef for those in need across our state. During this time, HFA purchased and distributed over 180,000 pounds of local beef. In order to fill this demand for our people in need, HFA worked hand in hand with the ranchers and processors in Maui, Kauai, the Big Island and Oahu.

Never before in Hawaii's history has local agriculture and local beef been more important to Hawaii and our people. Never before has an out-of-state individual taken control of State of Hawaii owned properties that process local cattle

HFA Supports this bill because HB1206:

- Helps ensure open access to slaughter and processing for ALL Hawaii's ranchers.
- Protects existing programs created by our legacy ranches and enjoyed by Hawaii's grocers and consumers, from being replaced or controlled by out of state interests.
- Provides protections for all ranchers and the Hawaii consumer against the monopolization of local beef through the control of slaughter and processing.
- Creates opportunities and growth for both the processors and suppliers of local beef.
- Builds a safer and more food secure Hawaii.

Thank you for allowing me to share my opinions and testimony regarding HB1206

LATE

HB-1206

Submitted on: 2/4/2021 3:09:26 PM
Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kawohi Schutte	Individual	Oppose	No

Comments:

As a local ranch hand working for Z Bar Ranch on the Big Island of Hawaii. I strongly oppose HB1206. Recently two feral bulls got into the cow herd I am managing, they were a nuisance, terrorizing the cow herd and fence lines. I was able to trap and transport these feral bulls to Hawaii Meat's who were able to receive and process them on a day's notice. If the processing capacity for the plants operated by Hawaii Meat's is limited as proposed in this bill, I would have had no place to go with them and would have had to dispose of them in the field resulting in a total loss. I am earnestly pleading with you to please kill the bill (HB1206.)

LATE

SHAN S. TSUTSUI

The Honorable Mark J. Hashem, Chair
and Members of the House Committee on Agriculture

Date: February 5, 2021

Time: 10:00 AM

Place: Conference Room 325, VIA Video Conference

Testimony in Support of HB 1206, Relating to Food Security

Aloha Chair Hashem and Members of the Committee:

I write in support of House Bill 1206, Relating to Food Security.

The integrity of the market is essential. The only way Hawaii can increase its food security is with a diverse set of producers and packers across the state, reflecting each island's ecosystem. This proposed legislation attempts to codify the best practices built over time, combine cooperation and competition, and ensures a fair and competitive marketplace for beef in Hawaii.

The proposed legislation also mirrors federal law by prohibiting deceptive practices and unreasonable preferences and caps market control of statewide meatpacking at 70%. This is the national standard. An overly dominant player in the meatpacking sector should not be allowed to harm competition and upset the marketplace for ranchers/producers and ultimately consumers.

The economic impact of food import replacement is significant. This bill ensures a level-playing field for ranchers and producers and will promote continued growth in the ranching industry, job creation, and food security for Hawaii.

Thank you for the opportunity to testify.

Very truly yours,

A handwritten signature in black ink, appearing to read 'S. S. Tsutsui' with a stylized flourish at the end.

SHAN S. TSUTSUI

LATE

DALEICO RANCH

P.O. BOX 750
KAMUELA, HI
96743

Representative Mark J. Hashem, Chair
Representative Amy A. Perruso, Vice Chair
Committee on Agriculture
415 South Beretania Street, Conference Room 325
Honolulu, HI 96813

Re: Testimony in Support of HB 1206, Relating to Food Safety

Dear Chair Hashem, Vice Chair Perruso and Committee Members,

My name is Robert Hind, and I am the owner/manager of Daleico Ranch, my family's ranching operation in Ka'u, Hawaii. The ranch has been in business for over 60 years.

We support HB 1206 which gives small producers, as ourselves, protection from possible anti-competitive practices by a meatpacker monopoly.

We have learned that my father's constant reminder to us years ago - "We are not in the cattle business, we are in the BEEF business", has proven so true. The margins in our industry are so narrow that in order for us to be sustainable, we have needed to be creative in our final product's marketing efforts to widen these margins. If we cannot compete on a level playing field with our marketing, many of us will not be able to continue ranching.

Again, we are in support of HB 1206 and believe it will enable ranchers to compete fairly when marketing their product, beef.

Thank you for the opportunity testify on this measure.

Mahalo

Robert Hind
Daleico Ranch
Db: Hind Daleico LLC

LATE

HB-1206

Submitted on: 2/4/2021 4:53:18 PM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Hunter Heavilin	Individual	Support	No

Comments:

This measure is critical to address consolidation in the processing industry.

LATE

HB-1206

Submitted on: 2/4/2021 5:31:56 PM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jacqui Hoover	Hawaii Island Economic Development Board	Support	No

Comments:

Given that the meat processing/packing plants on Hawaii Island and Oahu are both state government owned assets sitting on state lands, it is important that recognition is given that there is a public interest. HB 1206 is parallel to federal law and standards which prohibit deceptive practices and unreasonable preferences, and caps market control at 70%.

As Hawaii seeks more food security and self-sufficiency, it is imperative to look at all of the inputs, outputs, and the layers of related policies (both direct and ancillary).

This measure is especially important as we attempt to navigate through a myriad of economic and other challenges, to ensure that our ranchers who are part of the backbone of our economy and our fragile marketplace are not harmed.

Hawaii Island Economic Development Board, Inc. (HIEDB) was incorporated in the State of Hawaii in 1984 and is a private, member based 501(c)3 committed to balanced, sustainable growth; economic strength and diversity for our community.

Mahalo for this opportunity to support HB1206. We look forward to participating in this very important discussion moving forward.

LATE

HB-1206

Submitted on: 2/4/2021 5:48:46 PM
Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
George Hirowatari	GH Farms LLC	Support	No

Comments:

George Hirowatari Farms (GH Farms LLC) support bill HB1206. Local ranches here in Hawai'i are family owned, and some of them have been operating for generations and hope to keep operating for generations to come. When people come and take over industries without understanding our local way of life and business, they hurt the industry. Everyone in Hawai'i helps each other out because we all need to make a living. We support this bill to protect local grass-fed markets so that our future generations are also able to make their living here in Hawai'i doing what they love.

LATE

HB-1206

Submitted on: 2/4/2021 6:46:50 PM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lorie Farrell	Individual	Support	No

Comments:

Aloha Rep. Hashem, Chair and Committee Members,

As a long time advocate for Hawaii agriculture, I am in strong support of HB 1206 and its intent.

This bill supports transparency and reporting process for any processor that might control 70% or more of the packing industry. These facilities are State-owned and have been supported for decades by taxpayers to ensure our ranchers have access to processing facilities we need to ensure their ability to continue to access those facilities.

Mahalo,

Lorie Farrell

LATE

HB-1206

Submitted on: 2/4/2021 8:29:24 PM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Shannon Benevides	Individual	Oppose	No

Comments:

My name is Shannon Benevides, married to Billy Benevides. My husband, Billy, has been a part of ranching his whole life. He has helped many small ranchers around the island and ranching has been a way of life. We strongly oppose HB1206.

By expanding the capacity of the Big Island plant, this would allow ranchers like me to sell and slaughter our animals. We survive on this. Access to small ranchers to kill slots at the facility has been limited because preference is given to larger ranches, such as Parker Ranch. But Parker Ranch isn't helping pay our bills and feed our families. This bill will only make matters worse. Please help small ranchers by deferring the bill!

LATE



Date: February 4, 2020

To: Chair Hashem, Vice Chair Perruso, Rep Lowen, Rep Martin, Rep Matayoshi, Rep Todd, Rep Tokioka, & Rep Matsumoto

Fm: Jake Muise, Owner, Maui Nui Venison

Re: SUPPORT for HB1206

Aloha Chair Hashem, Vice Chair Perruso, and Committee Members,

Our mission at Maui Nui Venison is to help balance axis deer populations for the good of our environment, communities and food systems. Our mission directly supports and works cohesively with cattle ranching operations. The health of that industry, state wide, is of the utmost importance, especially as we try to build further resilience into our economy and therefore we are in full support for HB1206.

In owning, operating and slaughtering over 15,000 deer at our own facility it has come to our attention that an out-of-state individual now has control of an estimated 70% - 80% of all cattle slaughter and processing in Hawaii.

There were already limited options for slaughter on all island and if you control slaughter and processing availability you control the ranching community and our supply of local beef.

Without guaranteed access to slaughter and processing, Hawaii's ranchers will be forced to send cattle to the mainland or stop operations all together.

Local beef has never been more important to Hawaii and it's people and at our greatest time of need an out-of-state individual has somehow managed to take control of State of Hawaii owned properties that process local cattle.

Maui Nui Venison Supports this bill because HB1206:

- Helps ensure open access to slaughter and processing for ALL Hawaii's ranchers.
- Protects existing programs created by our legacy ranches and enjoyed by Hawaii's grocers and consumers, from being replaced or controlled by out of state interests.
- Provides protections for all ranchers and the Hawaii consumer against the monopolization of local beef through the control of slaughter and processing.
- Creates opportunities and growth for both the processors and suppliers of local beef.
- Builds a safer and more food secure Hawaii.

Mahalo nui for the opportunity to testify regarding HB1206.

LATE

HB-1206

Submitted on: 2/4/2021 10:07:32 PM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
William G. Jacintho	Maui Cattlemen's Association	Oppose	No

Comments:

The feedback I've been getting from ranchers all day, is to **oppose** the bill as written, because there are too many unreasonable concerns written in the bill. It is not clean, and restricts capacity.

HCC supported the bill, because there were some good things. However, there are some big concerns that HCC brought up in their comment section, such as control, or should I say restraint of market share. So HCC's take on it is actually support with reservations. If the reservations part gets considered by the House Committee, it can be modified and done right. If not, the bill passes improperly written to hinder the industry. **This is a bill that many people (both ranchers and buyers) have concerns with.**

We need a solid position regarding the efforts to provide more local beef locally. With that said, putting these percentages of who gets what and who doesn't is not going to make it work successfully. **The goal of the industry is not control, but free flow and working together as an industry, and seek available markets, especially with imports.**

The bottle necks are what we should be addressing that are hindering the industry from moving forward with its goal.

1 - We need to be sure slaughter houses and processing plants have the **Inspectors** in place in order to have more work hours to accommodate the increase in flow/put through. Currently, we don't have that, and you can have all the labor in the world to do the job, but they wouldn't be able to operate.

2- Ranchers that have been already providing local beef for generations biggest concern is **securing their current spots in the slaughter and packing operations, and not lose it to the new movement.** Bookings are already months behind. It's not fair to be booted out, to make room for the new plan.....We can all function, but we'll need the support of our state legislators to fill these positions in order to have success. inspectors are being floated traveling to and from other islands, and with this COVID situation, we're opening our selves up for a disaster to happen.

LATE

Date: February 4, 2020

To: Chair Hashem,

Vice Chair Perruso

Rep Lowen, Rep Martin, Rep Matayoshi, Rep Todd, Rep Tokioka, & Rep Matsumoto

Fm: George Wood, Livestock Operations Manager, Parker Ranch

Re: **SUPPORT for HB1206**

Dear Chair Hashem, Vice Chair Perruso, and Committee Members,

I have worked in the Hawaii Cattle industry as a rancher for over 30 years. This bill is needed to support competitive markets in the local packing industry. One of the reasons our State has felt it necessary to own these facilities and lease them out to individual operators on the islands of Oahu, Hawaii and Molokai is because our industry is relatively small. However, I do not believe it was ever intended to let one individual consolidate most of these plants by leasing multiple facilities from the State.

As a result, the State is inadvertently subsidizing a monopoly which could potentially hurt ranchers who have been trying to increase local beef production.

This bill would ensure access for all ranchers to packing and processing for individual branded beef programs as well as fair pricing for those who wish to sell to the monopoly owner.

This bill does not restrict expansion of capacity but insures equal access for all locally produced cattle.

We have all witnessed what a monopoly on milk processing has done to Hawaii's dairy farmers. By supporting this bill you can prevent State owned assets from potentially being utilized to hurt local ranchers from monopolistic powers.

Thank you for your consideration in supporting this HB1206.

LATE

HB-1206

Submitted on: 2/5/2021 7:46:57 AM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jacob Tavares	Individual	Support	No

Comments:

As a stakeholder in the Hawaii Beef Industry, I support this bill as written.

LATE

Date: February 4, 2020

To: Chair Hashem, Vice Chair Perruso and Committee members

Fr: Lisa Wood, DVM

Re: **SUPPORT for HB1206**

Dear Chair Hashem, Vice Chair Perruso, and Committee Members,

My name is Lisa Wood and I am writing in support of HB1206. I am a practicing veterinarian who has worked with Hawaii beef producers for over 30 years and a past president of Hawaii Cattlemen's Council.

Our industry is in strong support of expansion of our meat harvesting and processing capacity and we welcome the investment that the new ownership of Hawaii Meats and Hawaii Beef Packers represent.

It is also important for our producers and other potential investors in our beef industry to be assured that state-owned facilities will not be used to provide an unfair advantage to private business owners.

HB1206 asks our state leaders to consider oversight to help new ownership provide transparency in managing these state-owned facilities which together control the large majority of meat packing in Hawaii.

It is not the intent of this bill to lord over the new ownership of these plants but to help them be successful in their endeavors.

While the interest in locally sourced food has been growing, the corona virus pandemic has placed an even greater spotlight on the need for Hawaii to have a safe, secure and robust agricultural community. The inherent conflicts between producers and processors should not be overshadowed by the need for all stakeholders, including state legislators, to work together responsibly to meet our food sustainability goals.

Thank you for the opportunity to comment on this bill.

Sincerely,

Lisa B Wood, DVM

LATE

HB-1206

Submitted on: 2/5/2021 9:54:36 AM

Testimony for AGR on 2/5/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Janlyn Ryusaki-Phillips	Individual	Oppose	No

Comments:

I am opposed to this bill.