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WRITTEN ONLY

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 1547, S.D. 1

February 18, 2025
10:01 A.M.
Room 211 and Videoconference

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST ALOUN KAUI FARMING, AN AGRICULTURAL ENTERPRISE, IN THE FINANCE, OPERATION, AND MAINTENANCE OF A PROJECT TO REVITALIZE THE DAIRY INDUSTRY.

The Department of Budget and Finance (B&F) offers the following comments on Senate Bill (S.B.) No. 1547, S.D. 1 which authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist Aloun Kauai Farming, a Hawaii corporation for the planning design, construction, and maintenance of an integrated dairy industry pursuant to Part X, Chapter 39A, Hawaii Revised Statutes. The amount of the authorization is unspecified.

B&F would like to inform the Legislature and prospective SPRB parties that should the legislation be approved, approval of the SPRB issuance and conduit loan will require further review of the financing proposal to ensure compliance with all federal, state and credit underwriting requirements. For additional information, please consult our FAQ located at the following link: <http://budget.hawaii.gov/wp-content/uploads/2012/11/SPRB-FAQ.pdf>.

Thank you for your consideration of our comments.



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February 18, 2025

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON SB 1547, SD1

RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST ALOUN KAUAI
FARMING, AN AGRICULTURAL ENTERPRISE, IN THE FINANCE, OPERATION, AND
MAINTENANCE OF A PROJECT TO REVITALIZE THE DAIRY INDUSTRY

Conference Room 211 & Videoconference
10:01 AM

Aloha Chair Dela Cruz, Vice-Chair Moriwaki, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate, and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau supports SB 1547, SD1, which authorizes the Department of Budget and Finance to issue special purpose revenue bonds to assist Aloun Kauai Farming in the planning, design, construction, and maintenance of an integrated dairy industry. Supporting local dairy production is critical to increasing Hawai'i's food security, reducing reliance on imports, and strengthening the state's agricultural economy.

Hawai'i's dairy industry has faced significant challenges over the years, leading to the closure of nearly all local dairies. Today, only one commercial dairy remains in operation, leaving the state heavily dependent on imported milk and dairy products. This lack of local production makes Hawai'i vulnerable to supply chain disruptions and price fluctuations in the global market.

Rebuilding a sustainable, local dairy industry is essential not only for food security but also for **the Farm to School program**, which aims to increase the procurement of local food for school meals under **Act 175, SLH 2021**. Fresh, locally produced milk is an important part of a nutritious diet for Hawai'i's students, and expanding local dairy production will help the Department of Education meet its goal of sourcing at least 30 percent of school food locally by 2030.

The issuance of special purpose revenue bonds for Aloun Kauai Farming will provide critical financing to establish and modernize dairy facilities, invest in sustainable feed and

pasture management practices, and improve processing and distribution capabilities. A strong local dairy sector will benefit consumers by providing fresher and more sustainable dairy products and create jobs and stimulate economic activity in Hawai'i's agricultural sector.

We urge the committee to pass SB 1547, SD1 to support the revitalization of Hawai'i's dairy industry, promote greater agricultural self-sufficiency, and ensure that local milk production can meet the needs of Hawai'i's schools, families, and communities.

Thank you for the opportunity to testify on this measure.

SB-1547-SD-1

Submitted on: 2/14/2025 7:36:47 PM

Testimony for WAM on 2/18/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Stephanie Skow, MD	Individual	Oppose	Written Testimony Only

Comments:

Dear Members of the Committee,

My name is Stephanie Skow, and I am writing to express my strong opposition to the proposed bill SB1547 that seeks to fund a dairy on Kauai. Dairy farms are a dying industry due to pollution, methane emissions, and water contamination from runoff containing manure, antibiotics, and hormones. Let's not do this to Kauai.

In addition, many Asian and Pacific Islander communities are lactose intolerant, making cow's milk a less viable option.

The future of dairy is precision fermentation dairy, in addition to the plant-based milks which offer not only sustainable, but health-conscious alternatives to traditional dairy farming.

Let's look to alternatives that align with the needs and values of our community.

Sincerely,

Stephanie Skow, MD

Lihue, HI

SB-1547-SD-1

Submitted on: 2/16/2025 9:50:23 AM

Testimony for WAM on 2/18/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Victoria Anderson	Individual	Oppose	Written Testimony Only

Comments:

Dear Hon. Chair Gabbard, Hon. Vice Chair Richards, and Hon. AEN Committee Members:

Please do not support Aloun Kauai Farming's dairy industry project. Bill SB 1547's wording declares that issuing these bonds serves the public interest, health, safety, and general welfare, but this is not true in this case. As for health: there is a large and growing body of medical literature (that is not funded by the dairy industry) documenting that dairy consumption is tied to obesity, heart disease, and cancer. (cf Physician's Committee for Responsible Medicine.) As for safety and general welfare, of both humans and the environment: Dairy farms create massive water pollution, algal blooms, and ocean dead zones from manure runoff. They create huge greenhouse gas emissions, especially of the powerful greenhouse gas methane. They deforest our lands due to land conversion to pasture, and degrade our soils due to intensive grazing. They reduce soil fertility and cause biodiversity loss due to habitat alteration and pollution. They are very intensive in water usage on our freshwater-poor islands.

Kauai already suffered enough division in the five years spent trying to site Hawaii Dairy in Mahaulepu. Please do not try again to back a dairy on Kauai!

Mahalo,

Victoria B. Anderson

LATE

SB-1547-SD-1

Submitted on: 2/17/2025 8:33:44 PM

Testimony for WAM on 2/18/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Tasman Kekai Mattox	Individual	Support	Written Testimony Only

Comments:

It is so important for us to support local businesses and local food sources!

LATE

SB-1547-SD-1

Submitted on: 2/18/2025 9:34:55 AM

Testimony for WAM on 2/18/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
katherine skow	Individual	Oppose	Written Testimony Only

Comments:

Dear Members of the Committee,

I strongly oppose bill SB1547, which aims to fund a dairy on Kauai. Dairy farms contribute to pollution, methane emissions, and water contamination from manure, antibiotics, and hormones.

The future lies in precision fermentation dairy and plant-based milks, which are sustainable and health-conscious alternatives. Many Asian and Pacific Islander communities are lactose intolerant, making cow's milk less viable. Let's consider options that align with our community's needs and values.

Mahalo,

Katherine Skow