

**DAVID Y. IGE**  
Governor

**DOUGLAS S. CHIN**  
Lt. Governor



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

**SCOTT E. ENRIGHT**  
Chairperson, Board of Agriculture

**PHYLLIS SHIMABUKURO-GEISER**  
Deputy to the Chairperson

**TESTIMONY OF SCOTT E. ENRIGHT**  
**CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEE ON FINANCE**

**FEBRUARY 22, 2018**  
**11:00 A.M.**  
**CONFERENCE ROOM 308**

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

Chairperson Luke and Members of the Committee:

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

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

Thank you for the opportunity to testify on this measure.



**DAVID Y. IGE**  
Governor

**DOUGLAS S. CHIN**  
Lt. Governor



**JAMES J. NAKATANI**  
Executive Director

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

**TESTIMONY OF JAMES J. NAKATANI**  
**EXECUTIVE DIRECTOR**  
**AGRIBUSINESS DEVELOPMENT CORPORATION**

**BEFORE THE COMMITTEE ON FINANCE**  
Thursday, February 22, 2018  
10:00 a.m.

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

Chairperson Luke and Members of the Committee:

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

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

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



P.O. Box 253, Kunia, Hawai'i 96759  
Phone: (808) 848-2074; Fax: (808) 848-1921  
e-mail [info@hfbf.org](mailto:info@hfbf.org); [www.hfbf.org](http://www.hfbf.org)

February 22, 2018

HEARING BEFORE THE  
HOUSE COMMITTEE ON FINANCE

**TESTIMONY ON HB 2538, HD 1**  
**RELATING TO AGRICULTURE**

Room 308  
11:00 am

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

I am Randy Cabral, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interests of our diverse agricultural community.

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

Hawaii's livestock industry faces numerous challenges. One of their biggest challenges is the rising cost of feed for livestock production. These costs have been a contributing factor to the decline of the state's livestock industry.

In 2007, there were 5 dairies and 6 egg farms in Hawaii. Since then, 3 of those dairies and 4 off those egg farms have gone out of business. The remaining egg farms and another dairy are currently threatened with closure, due to rising production costs, primarily the cost of feed.

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

HB 2538 will help to keep fresh locally produced milk, eggs, beef, pork, poultry, sheep, lamb, fish and crustaceans available to the residents of Hawaii and will help to revitalize our dwindling livestock industry. A decrease or absence of livestock production increases the State's reliance on the importation of food and threatens the State's food security.

Thank you for this opportunity to provide our opinion on this important matter.



Email: [communications@ulupono.com](mailto:communications@ulupono.com)

HOUSE COMMITTEE ON FINANCE  
Thursday, February 22, 2018 — 11:00 a.m. — Room 308

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

Dear Chair Luke, Vice Chair Cullen, and Members of the Committee:

My name is Kyle Datta and I am General Partner of Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally produced food; increase affordable, clean, renewable energy; and better management of waste and fresh water. Ulupono believes that self-sufficiency is essential to our future prosperity and will help shape a future where economic progress and mission-focused impact can work hand in hand.

**Ulupono strongly supports HB 2538 HD 1**, which authorizes general obligation bonds and appropriates funds for a livestock feed mill by the Agribusiness Development Corporation, because it aligns with our goal of creating more locally produced food.

Feed is the single largest cost of any animal agriculture operation and currently all feed in Hawai'i is imported from mainland feed manufacturers such as Cargill, Land O'Lakes feed, Nutreco, and Ewos. Feed costs for livestock production in Hawai'i can comprise 70 percent of production cost, and our concern is that we need to keep our livestock producers in business.

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

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

*Investing in a Sustainable Hawai'i*

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

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

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

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

As Hawai'i's local food issues become more complex and challenging, organizations need additional resources and support to address and overcome them. We appreciate this committee's efforts to look at policies that support local food production.

We believe that by collaborating, we can help produce more local food and support an economically robust homegrown agriculture industry, which strengthens our community with fresh, healthy food. Thank you for this opportunity to testify.

Respectfully,

Kyle Datta  
General Partner

**HB-2538-HD-1**

Submitted on: 2/21/2018 9:24:20 AM

Testimony for FIN on 2/22/2018 11:00:00 AM

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

Comments:

**OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES****DEMOCRATIC PARTY OF HAWAI'I**

TO THE COMMITTEE ON FINANCE

THE HOUSE OF REPRESENTATIVES

TWENTY-NINTH LEGISLATURE

REGULAR SESSION OF 2018

Thursday, February 22, 2018

11:00 AM

Hawaii State Capitol, Conference Room 308

RE: Testimony in Support of HB 2538 HD1 RELATING TO AGRICULTURE

To the Honorable Sylvia Luke, Chair; the Honorable Ty J.K. Cullen, Vice-Chair, and Members of the Committee on Finance:

Good morning, my name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on House Bill No.2538 HD1, relating to Agribusiness Development Corporation; Livestock Feed Mill Operation; Appropriation; and GO Bonds.

The OCC Legislative Priorities Committee is in support of House Bill No. 2538 HD1 and supports its passage.

House Bill No. 2538 HD1 is in accord with the Platform of the Democratic Party of Hawai'i ("DPH") as it authorizes the issuance of GO bonds and appropriates funds for the planning, designing, and constructing of a livestock feed mill.

Specifically, the DPH Platform provides that "[a]griculture in our state must be preserved and its future strengthened. Sufficient prime agricultural lands must be maintained for the health, economic well-being and sustenance of the people. We believe in an integrated approach to agricultural innovation and sustainability." (Platform of the DPH, P. 2, Lines 76-78 (2016)).

"We will promote ethical and safe production of livestock, dairy products, poultry and eggs." (Platform of the DPH, P. 2, Line 88 (2016)).

Given that House Bill No.2538 HD1 authorizes the issuance of GO bonds and appropriates funds for the planning, designing, and constructing of a livestock feed mill, it is the position of the OCC Legislative Priorities Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC Legislative Priorities Committee

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



**HB-2538-HD-1**

Submitted on: 2/21/2018 10:16:20 AM

Testimony for FIN on 2/22/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dale Sandlin	Hawaii Cattlemens Council	Support	No

Comments:

**HB-2538-HD-1**

Submitted on: 2/20/2018 3:53:28 PM

Testimony for FIN on 2/22/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Cathy Goeggel	Individual	Oppose	No

Comments:

**HB-2538-HD-1**

Submitted on: 2/22/2018 8:53:42 AM

Testimony for FIN on 2/22/2018 11:00:00 AM

**LATE**

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

Comments: