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# A BILL FOR AN ACT

RELATING TO AGRICULTURAL COOPERATIVES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that Hawaii's  
2 agricultural industry faces an uncertain future. With the  
3 demise of large-scale, plantation agriculture, our farmers and  
4 ranchers have concentrated their efforts in diversified  
5 agricultural endeavors including macadamia nuts, coffee, papaya,  
6 and floriculture. Diversified agriculture offers enormous  
7 opportunities. However, these smaller-scale industries also  
8 present numerous challenges, both from within the state and from  
9 competition abroad.

10           The legislature finds that a carefully organized and  
11 implemented statewide agricultural cooperative would provide  
12 farmers a viable means of overcoming some of the challenges. A  
13 statewide agricultural cooperative that includes farmers from  
14 the entire range of agricultural industries in Hawaii would  
15 represent a powerful force to address the needs of Hawaii's  
16 farmers, and would provide much needed assistance in areas like  
17 product marketing, distribution, pre-sale agreements, and  
18 transportation.



1           The legislature further finds that the agribusiness  
2 development corporation is the most appropriate state entity to  
3 help facilitate the establishment of the statewide agricultural  
4 cooperative.

5           The purpose of this Act is to establish a process for the  
6 planning and establishment of a statewide agricultural  
7 cooperative by July 1, 2009.

8           SECTION 2. Chapter 163D, Hawaii Revised Statutes, is  
9 amended by adding a new section to be appropriately designated  
10 and to read as follows:

11           "§163D- . The corporation shall plan for the  
12 establishment of a statewide agricultural cooperative by July 1,  
13 2009."

14           SECTION 3. The agribusiness development corporation shall  
15 plan for the establishment of a statewide agricultural  
16 cooperative by July 1, 2009. In its planning efforts, the  
17 agribusiness development corporation shall consult with a wide  
18 variety of organizations, enterprises, and individuals,  
19 including:

20           (1) Department of agriculture;

21           (2) Department of business, economic development, and  
22           tourism;



- 1           (3)   Hawaii Farm Bureau Federation;
- 2           (4)   Hawaii Agricultural Research Center;
- 3           (5)   University of Hawaii college of tropical agriculture
- 4                   and human resources;
- 5           (6)   Organizations representing each of the major crops
- 6                   produced in Hawaii;
- 7           (7)   Individual agricultural enterprises;
- 8           (8)   Entities involved in processing or packaging of
- 9                   agricultural products;
- 10          (9)   Distributors, wholesalers, and retailers of
- 11                   agricultural products, including the military;
- 12          (10)  Transportation companies and organizations, including
- 13                   shipping and trucking; and
- 14          (11)  Venture capitalists and other similar entities
- 15                   involved in business investment and finance.

16           SECTION 4. (a) On or before December 31, 2008, the  
17 agribusiness development corporation shall submit a  
18 comprehensive report to the legislature on its plans to  
19 establish the statewide agricultural cooperative. The report  
20 shall include:

- 21           (1)   A summary of its planning activities to date;



1           (2) A business plan for the statewide agricultural  
2           cooperative, including annual projections; and  
3           (3) Legislation to establish the statewide agricultural  
4           cooperative by July 1, 2009; provided that the  
5           legislation shall include the items specified under  
6           subsection (b); and provided further that the  
7           legislation consider the information received in the  
8           consultations specified in section 3.

9           (b) The legislation to establish the statewide  
10          agricultural cooperative by July 1, 2009, shall include the  
11          following provisions:

12           (1) The statewide agricultural cooperative shall be headed  
13           by a board of directors, with members appointed from  
14           private and public agencies and organizations;  
15           provided that the board of directors includes members  
16           representing secondary industries related to  
17           agriculture such as retail, wholesale, and  
18           distribution; processing and packaging;  
19           transportation; banking, finance, and venture capital;  
20           business marketing and product development; and  
21           renewable energy involving biomass;



- 1           (2) The statewide agricultural cooperative shall be a  
2           voluntary program for agricultural enterprises;  
3           provided that those who choose to opt in shall agree  
4           to abide by all of the rules and guidelines set forth  
5           by the statewide agricultural cooperative;
- 6           (3) The statewide agricultural cooperative shall assist  
7           and support its members by:
- 8           (A) Increasing efforts to market and add value for  
9           products produced by members;
- 10          (B) Improving distribution, packaging, and market  
11          pricing for products produced by members;
- 12          (C) Ensuring adequate food safety and quality  
13          standards to promote consistent, reliable, and  
14          safe products produced by members;
- 15          (D) Providing cost-effective solutions in addressing  
16          issues relating to transportation of products;
- 17          (E) Providing technical support to members;
- 18          (F) Implementing crop coordination to maximize  
19          efficiency and meet market demands; and
- 20          (G) Negotiating pre-sale agreements to ensure a  
21          consistent stream of buyers for member products;
- 22          and



1           (4) The statewide agricultural cooperative shall consider  
 2           plans to convert to a private entity owned by its  
 3           members by July 1, 2010.

4           SECTION 5. New statutory material is underscored.

5           SECTION 6. This Act shall take effect upon its approval.

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INTRODUCED BY:

*[Handwritten signatures and names, including "Tom Brown", "By 2 years", "Steve Hansen", "M. ...", "J. ...", "Ed ...", "P. ..."]*



**Report Title:**

Statewide Agricultural Cooperative

**Description:**

Establishes a process for the planning and establishment of a statewide agricultural cooperative.

