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# A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

1           SECTION 1. The cost of feed for livestock production in  
2 Hawaii can comprise up to seventy per cent of total production  
3 costs versus close to fifty per cent for mainland producers.  
4 There are currently five dairies and six egg farms of  
5 significant size, with combined gross annual revenues of  
6 \$26,400,000. Within the past year, two egg farms and one dairy  
7 farm have gone out of business due to production cost increases,  
8 largely attributed to the rising cost of feed for livestock  
9 animals. Currently, another dairy farm and another egg farm are  
10 threatened by closure. Such closures increase the State's  
11 dependence on imported foods and threaten the State's food  
12 security and ability to achieve levels of agricultural self-  
13 sufficiency. Self-sufficiency is critical to the State's  
14 ability to respond effectively in the event of natural disasters  
15 or disruptions in transportation.

16           Closure of local dairies and poultry farms also means that  
17 children and adults throughout the State will no longer have the  
18 option of selecting fresh, locally produced milk, fresh



1 chickens, and eggs. The public throughout the State has often  
2 expressed interest in obtaining locally produced milk, but  
3 unfortunately, the dairies do not produce enough to meet the  
4 public demand. The public has expressed similar interest for  
5 island fresh pork, chicken, and eggs.

6 Fresh milk, pork, chickens, and eggs provide essential  
7 nutritional needs to consumers. Because these food products are  
8 perishable, there is a constant risk of food spoilage caused by  
9 long transports that, in turn, can cause food-borne illnesses to  
10 consumers.

11 Without these local industries, all milk, pork, chicken,  
12 and eggs would have to be imported into the State, incurring up  
13 to ten days of shipping before being offered to the consumers.  
14 Increased shipping time especially decreases the expected shelf  
15 life of fresh milk and eggs.

16 The purpose of this Act is to create a livestock  
17 revitalization and food security program to administer and  
18 disburse funds to qualified dairy, hog, and poultry farms that  
19 apply for and receive, if properly documented, a reimbursement  
20 for up to fifty per cent of each farm's feed expenses. With  
21 financial support, the livestock industry will be able to make  
22 investments in modern equipment, expand and improve their herds



1 and flocks, and develop new markets and products. This  
 2 financial support will serve a public purpose by enabling the  
 3 livestock industries to stabilize their operations, thus,  
 4 contributing to food security, and make them more competitive  
 5 with mainland suppliers in the future.

6 SECTION 2. The Hawaii Revised Statutes is amended by  
 7 adding a new chapter to be appropriately designated and to read  
 8 as follows:

9 **"CHAPTER**

10 **LIVESTOCK REVITALIZATION PROGRAM**

11 § -1 **Definitions.** As used in this chapter:

12 "Administrative costs" means costs associated with  
 13 reviewing, approving, and recording expenditures and completing  
 14 any reporting requirements associated with the grant program.

15 "Department" means the department of agriculture.

16 "Milk" means the lacteal secretion, practically free from  
 17 colostrums, obtained by the milking of healthy cows normally  
 18 produced or marketed through the channels of the fluid milk  
 19 trade.

20 "Poultry products" means chicken eggs, uncooked in shell,  
 21 egg laying chicks, meat bird chicks, pullets, broilers, fryers,  
 22 and laying chicken hens.



1 "Qualified producer" means any person that at the time of  
2 application for and disbursement of funds under this chapter is  
3 in the business of producing:

- 4 (1) Milk from a herd, located in Hawaii, if not less than  
5 three hundred fifty cows;
- 6 (2) Poultry products from a flock, located in Hawaii, of  
7 not less than three thousand birds; or
- 8 (3) Pork from a herd, located in Hawaii, of ten sows or  
9 one hundred fifty pigs.

10 § -2 **Grants.** A qualified producer may receive a  
11 reimbursement for up to fifty per cent of each farm's feed  
12 expenses, if the qualified producer has properly applied for a  
13 grant under this chapter. The amount of reimbursement to each  
14 qualified producer shall be calculated under a formula  
15 established and adopted by the department.

16 § -3 **Grants; conditions and qualifications.** (a)  
17 Applications for grants by qualified producers shall be  
18 submitted on a form furnished by the department and shall be  
19 filed with accompanying documentation of animal feed costs;  
20 provided that:

- 21 (1) The applicant shall comply with applicable federal and  
22 state laws prohibiting discrimination against any



- 1 person on the basis of race, color, national origin,  
2 religion, creed, sex, age, sexual orientation, or  
3 disability;
- 4 (2) The applicant shall have applied for or received all  
5 applicable licenses or permits;
- 6 (3) The applicant shall indemnify and hold harmless the  
7 State and its officers, agents, and employees from all  
8 claims arising out of or resulting from the feed  
9 purchased;
- 10 (4) The subsidy shall not be allowed within a fiscal  
11 quarter if the flock or herd size falls per  
12 cent or more below the required minimum three thousand  
13 birds, minimum three hundred fifty cows, or minimum  
14 ten sows or one hundred fifty pigs in any two months  
15 of the applicable fiscal quarter; and
- 16 (5) The department may request an applicant to provide  
17 necessary information for the purposes of verifying  
18 flock or herd size and feed purchases.
- 19 (b) Documentation of animal feed costs and other shipping  
20 documents, as requested by the department, shall be filed for  
21 feed purchased within the immediate preceding fiscal quarter of



1 filing and shall be effective for feed costs incurred after  
2 July 1, 2007.

3 (c) Funds shall be disbursed upon approval by the  
4 department and limited to only the feed fed to the qualifying  
5 flock or herd, and not applicable to feed purchases for resale  
6 or gift.

7 § -4 Exemption from chapter 42F. Chapter 42F shall not  
8 apply to the grants made pursuant to this chapter, but all  
9 reimbursements shall be made only in accordance with the  
10 standards and conditions specified in section -3.

11 § -5 Rules. The department shall adopt rules pursuant  
12 to chapter 91 necessary to effectuate the purposes of this  
13 chapter."

14 SECTION 3. There is appropriated out of the general  
15 revenues of the State of Hawaii the sum of \$ , or so much  
16 thereof as may be necessary for fiscal year 2007-2008, and the  
17 same sum, or so much thereof as may be necessary for fiscal year  
18 2008-2009, for the market development division of the department  
19 of agriculture to disburse funds to qualified producers of milk,  
20 pork, and poultry for the cost of feed for dairy cows, hogs, or  
21 poultry and to provide for the administrative costs of the  
22 livestock revitalization program.



1       The sums appropriated shall be expended by the department  
2 of agriculture for the purposes of this Act.

3       SECTION 4. This Act shall take effect upon its approval;  
4 provided that section 3 of this Act shall take effect on July 1,  
5 2007.



**Report Title:**

Livestock Revitalization Program; Livestock Feed; Agriculture

**Description:**

Creates a livestock revitalization and food security program.

Appropriates \$            in each year of the fiscal biennium.

(SD2)

