
A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

1 SECTION 1. A recent study prepared for the agribusiness
2 development corporation, *The Demand for Interisland Shipping and*
3 *the Impact of Shipping Costs on Hawaii Agricultural Production,*
4 March 27, 2008, noted that while sixty-eight per cent of Hawaii
5 residents and visitors reside on Oahu, over seventy-two per cent
6 of all crop sales are generated by farmers and ranchers located
7 on the neighbor islands. Accordingly, transportation of
8 agricultural products between the islands is an important part
9 of the agricultural industry. The study further found that
10 seventy-three per cent of total interisland ocean freight of
11 fresh agricultural products was shipped on skips or pallets or
12 in less than container size loads. However, due to space and
13 facilities constraints, primarily at Kahului harbor on Maui and
14 Hilo harbor on the big island, Young Brothers, the only ocean
15 transporter that is subject to a public utilities commission
16 tariff structure on interisland transportation, recently applied
17 to discontinue less than container load shipping from Kahului
18 harbor.



1 The study stated that:

2 A survey was conducted of various farmers,
3 manufacturers, and users of (Young Brothers), the only
4 interisland surface carrier in the state, to gather
5 objective data that can be used in decision-making.
6 The majority of (less than container load) users have
7 expressed their concern of not being able to afford
8 shipping their products if rates continue to escalate.
9 Farmers also expressed concern that they will be
10 negatively impacted and forced out of business if
11 (less than container load service) were to be
12 discontinued. Food manufacturers surveyed viewed
13 (less than container load) as the most economical
14 method of shipping and felt that they would also be
15 negatively impacted if (less than container load)
16 services were discontinued.

17 While most of the agricultural products transported
18 intrastate utilized surface transportation, a substantial
19 amount, just under twenty per cent, utilized air freight to
20 ensure fresh produce on arrival. However, in either
21 transportation mode, the transportation costs to agricultural



1 producers were a critical element to the future of their
2 businesses.

3 The purpose of this Act is to establish an agricultural
4 products transportation program to ease the costs of intrastate
5 transportation to agricultural producers.

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 **AGRICULTURAL PRODUCTS TRANSPORTATION PROGRAM**

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

12 "Agricultural activities" shall have same meaning as in
13 section 166E-2.

14 "Agricultural producer" shall have the same meaning as in
15 section 155-5.6

16 "Agricultural products" shall have the same meaning as in
17 section 421-1.

18 "Aquacultural activities" shall have the same meaning as in
19 section 166E-2.

20 "Department" means the department of agriculture.



1 "Qualified transportation costs" means the cost of
2 transporting agricultural products within the State by ocean or
3 air transportation, but not including ground transportation.

4 § -2 **Transportation program established.** There is
5 established the agricultural transportation program to assist
6 agricultural producers by alleviating a portion of their
7 qualified transportation costs in the way of grants to qualified
8 agricultural producers. The department is directed to accept
9 applications, on forms prescribed and prepared by the
10 department, from agricultural producers to qualify for receipt
11 of the grants, provided that:

- 12 (1) The applicant is an agricultural producer;
- 13 (2) The applicant shall have applied for or received all
14 applicable licenses or permits required to engage in
15 the agricultural activities in which the agricultural
16 producer is engaged;
- 17 (3) The applicant shall indemnify and hold harmless the
18 State and its officers, agents, and employees from all
19 claims arising out of or resulting from this
20 transportation program;



1 (4) The grant shall not exceed per cent of the
2 applicant's total qualified transportation costs or
3 exceed \$ in any year; and

4 (5) The department may request that an applicant provide
5 any information, including but not limited to general
6 excise and income tax returns, invoices, and bills of
7 lading, it deems necessary to verify the qualified
8 transportation costs incurred by any applicant in any
9 year.

10 § -3 **Financial statements.** (a) The applicant shall
11 file with the department, on forms prescribed and prepared by
12 the department, a quarterly financial statement of qualified
13 transportation costs, along with any required supporting
14 documentation. An annual financial statement shall be filed
15 with the department, within ninety days following the close of
16 the applicant's fiscal year after the effective date of this
17 Act, for final reconciliation of any reimbursement paid during
18 the previous three quarters within the fiscal year. The
19 financial statements shall be certified as accurate by the
20 applicant and the preparer of the financial statements.



1 (b) Funds shall be disbursed to the applicant within
2 thirty days of receipt and approval of a complete quarterly
3 financial statement.

4 § -4 Exemption from chapter 42F. Chapter 42F shall not
5 apply to the grants made pursuant to this chapter, but all
6 grants shall be made only in accordance with standards and
7 conditions specified in sections -2 and -3."

8 SECTION 3. There is appropriated out of the general
9 revenues of the State of Hawaii the sum of \$ or so much
10 thereof as may be necessary for fiscal year 2009-2010 and the
11 same sum or so much thereof as may be necessary for fiscal year
12 2010-2011 for the agricultural products transportation program
13 established by this Act.

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

16 SECTION 4. This Act shall take effect on January 1, 2010,
17 except that section 3 shall take effect on July 1, 2009.

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INTRODUCED BY: Mark Delashima

Denny Call

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Report Title:

Agriculture; Transportation

Description:

Establishes an agricultural products transportation program to provide grants to qualified agricultural producers to alleviate ocean and air intrastate transportation costs.

