
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 constitute up to seventy per cent of total production
3 costs in contrast to close to fifty per cent for mainland
4 producers. In Hawaii in 2007, there were five dairies and six
5 egg farms of significant size, with combined gross annual
6 revenues of \$26,400,000. Currently, there are only two dairies
7 and four egg farms of significant size, with combined gross
8 annual revenues of \$16,250,000. Since 2007, two dairies and
9 four egg farms have gone out of business primarily due to
10 increases in production costs, largely because of the rising
11 cost of feed for livestock animals. Since October 2010, the
12 cost of poultry feed alone has increased approximately \$60 per
13 ton and is expected to rise even further.

14 Currently, one dairy and the four remaining egg farms are
15 threatened by closure. Such closures heighten the State's
16 dependence on imported foods and threaten the State's food
17 security and ability to achieve adequate levels of agricultural
18 self-sufficiency. Self-sufficiency is critical to Hawaii's food



1 security and ability to respond effectively in the event of
2 natural disasters or disruptions in transportation.

3 The closure of local dairies and poultry farms also means
4 that children and adults throughout the State will no longer
5 have the option of selecting fresh, locally produced milk and
6 eggs. Consumers have often expressed interest in obtaining
7 locally produced milk, but unfortunately, the dairies do not
8 produce enough milk to meet public demand. The public has
9 expressed a similar interest in island-fresh beef, pork,
10 chicken, and eggs.

11 Locally produced fresh beef, milk, pork, chicken, and eggs
12 provide essential nutrition to consumers. Because these kinds
13 of food are perishable, imported products create a greater risk
14 of food spoilage and resultant food-borne illnesses because of
15 the increase in time needed to transport these products from
16 offshore farms to Hawaii shoppers.

17 Without these local agricultural businesses, all beef,
18 milk, pork, chicken, and eggs would have to be imported into the
19 State, requiring up to ten days of shipping before being sold to
20 consumers. In particular, an increased shipping time reduces
21 the expected shelf life of fresh milk and eggs.



1 The purpose of the Act is to amend chapter 155D, Hawaii
2 Revised Statutes, to administer and disburse funds to qualified
3 beef cattle, dairy, hog, poultry, and goat farms that apply for
4 and receive, if properly documented, a reimbursement for up to
5 sixty per cent of each farm's feed expenses. With financial
6 support, the livestock industry will be able to continue to make
7 investments in modern equipment, expand and improve herds and
8 flocks, and develop new markets and products. This financial
9 support will serve a public purpose by enabling the livestock
10 industry to stabilize its operations, thereby contributing to
11 food security and increasing their competitiveness with mainland
12 suppliers.

13 SECTION 2. Section 155D-1, Hawaii Revised Statutes, is
14 amended by amending the definitions of "milk" and "qualified
15 producer" to read as follows:

16 "\"Milk\" means the lacteal secretion, practically free from
17 colostrums, obtained by the milking of healthy cows or goats
18 normally produced or marketed through the channels of the fluid
19 milk trade[-] or for further processing into milk products.

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



- 1 (1) Milk from a herd, located in Hawaii, of not less than
2 three hundred fifty cows [7] or one hundred lactating
3 milking goats;
- 4 (2) Poultry products from a flock, raised and located in
5 Hawaii, of not less than three thousand birds;
- 6 (3) Pork from a herd, raised and located in Hawaii, of not
7 less than fifty sows; or
- 8 (4) Beef [7] that is grown, slaughtered, processed, and
9 marketed in Hawaii. Producers who finish at least one
10 hundred head of beef cattle annually shall be eligible
11 for this program."

12 SECTION 3. Section 155D-2, Hawaii Revised Statutes is
13 amended to read as follows:

14 "§155D-2 Grants. (a) Applications for grants by
15 qualified producers shall be submitted [7]on[7] a form furnished
16 by the department and shall be filed with accompanying
17 documentation of animal feed costs; provided that:

- 18 (1) The applicant shall comply with applicable federal and
19 state laws prohibiting discrimination against any
20 person on the basis of race, color, national origin,
21 religion, creed, sex, age, sexual orientation, or
22 disability;



- 1 (2) The applicant shall have applied for or received all
2 applicable licenses or permits;
- 3 (3) The applicant shall indemnify and hold harmless the
4 State and its officers, agents, and employees from all
5 claims arising out of or resulting from the feed
6 purchased;
- 7 (4) The subsidy shall not be allowed within a fiscal
8 quarter if the flock or herd size falls five per cent
9 or more below the required minimum of:
- 10 (A) Three thousand birds;
- 11 (B) Three hundred fifty cows;
- 12 (C) Fifty sows in any two months of the applicable
13 fiscal quarter; [øx]
- 14 (D) One hundred finished beef cattle annually; or
- 15 (E) Twenty-five lactating milking goats;
- 16 (5) The grant shall not exceed a total of \$250,000 per
17 qualified producer per year; and
- 18 (6) The department may request an applicant to provide
19 necessary information for the purposes of verifying
20 flock or herd size and feed purchases;
- 21 (b) Documentation of animal feed costs, as requested by
22 the department, shall be filed for feed purchased within the



1 immediate preceding fiscal quarter of filing and shall be
2 effective for feed costs incurred after July 1, [~~2007~~] 2011.

3 (c) The applicant shall submit a quarterly financial
4 statement of farm revenues and expenses along with other
5 supporting documents as deemed necessary by the department, and
6 filed with the documentation of feed costs. An annual financial
7 statement shall be filed with the department within ninety days
8 following the close of the business' fiscal year after June 28,
9 [~~2007~~] 2011, for financial reconciliation of any reimbursement
10 paid during the previous three quarters within the fiscal year.
11 The financial statements shall be certified as accurate by the
12 applicant and the preparer of the financial statement on forms
13 prepared by the department."

14 SECTION 4. There is appropriated out of the general
15 revenues of the State of Hawaii the sum of \$2,000,000 or so much
16 thereof as may be necessary for fiscal year 2012-2013 and the
17 same sum or so much thereof as may be necessary for fiscal year
18 2013-2014 for the agricultural development division of the
19 department of agriculture to:

20 (1) Disburse to qualified producers of milk, pork, eggs,
21 poultry, and beef, for the cost of feed for beef
22 cattle, dairy cows or goats, hogs, and poultry; and



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1 (2) Provide for the administrative costs of the livestock
2 revitalization program.

3 The appropriations made for the purpose authorized under
4 this section shall not lapse at the end of the fiscal year for
5 which the appropriations are made; provided that any balance of
6 any appropriation that is not encumbered as of December 13,
7 2015, shall lapse as that date.

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

10 SECTION 5. This Act does not affect rights and duties that
11 matured, penalties that were incurred, and proceedings that were
12 begun before its effective date.

13 SECTION 6. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 7. This Act shall take effect upon its approval;
16 provided that section 4 of this Act shall take effect on July 1,
17 2011.

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INTRODUCED BY: _____

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Report Title:
Feedstock costs

Description:
Supports the agricultural industry in Hawaii by helping agricultural businesses meet their feedstock costs.

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