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

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



1 self-sufficiency. Self-sufficiency is critical to Hawaii's food
2 security and ability to respond effectively in the event of
3 natural disasters or disruptions in transportation.

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

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

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



1 The purpose of this Act is to provide funds to allow
2 qualified beef cattle, dairy, hog, poultry, and goat farms to
3 apply for and receive, if properly documented, a reimbursement
4 for a percentage of each farm's feed expenses. With financial
5 support, the livestock industry will be able to continue to make
6 investments in modern equipment, expand and improve herds and
7 flocks, and develop new markets and products. This financial
8 support will serve a public purpose by enabling the livestock
9 industry to stabilize its operations, thereby contributing to
10 food security and increasing the competitiveness of the local
11 livestock industry with mainland suppliers.

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

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

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



- 1 (1) Milk from a herd, located in Hawaii, of not less than
2 three hundred fifty cows[+] or twenty-five 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[-] 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 by amending subsections (a) through (c) to read as
14 follows:

15 "(a) Applications for grants by qualified producers shall
16 be submitted [+]on[+] a form furnished by the department and
17 shall be filed with accompanying documentation of animal feed
18 costs; provided that:

- 19 (1) The applicant shall comply with applicable federal and
20 state laws prohibiting discrimination against any
21 person on the basis of race, color, national origin,

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



1 (b) Documentation of animal feed costs, as requested by
2 the department, shall be filed for feed purchased within the
3 immediate preceding fiscal quarter of filing and shall be
4 effective for feed costs incurred after July 1, [~~2007.~~] 2011.

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

16 SECTION 4. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$ or so
18 much thereof as may be necessary for fiscal year 2011-2012 and
19 the same sum or so much thereof as may be necessary for fiscal
20 year 2012-2013 for the agricultural development division of the
21 department of agriculture to:



1 (1) Reimburse qualified producers of milk, pork, eggs,
2 poultry, and beef, for the cost of feed for beef
3 cattle, dairy cows or goats, hogs, and poultry; and

4 (2) Provide funding for the administrative costs of the
5 livestock revitalization program.

6 The appropriations made for the purpose authorized under
7 this section shall not lapse at the end of the fiscal year for
8 which the appropriations are made; provided that any balance of
9 any appropriation that is not encumbered as of June 30, 2014,
10 shall lapse as that date.

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

13 SECTION 5. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 6. This Act shall take effect on July 1, 2030.



Report Title:

Feedstock Costs; Appropriation; Livestock; Goat Milk

Description:

Appropriates funds to reimburse livestock producers for feed costs. Makes goat farmers with a herd of at least 25 lactating milking goats eligible for the livestock revitalization program. Effective July 1, 2030. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

