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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 legislature finds that the Hawaii livestock  
2 industry consistently identifies the cost of feed as the most  
3 expensive component in operational costs. This concern is in  
4 line with the national and global effort to reduce feed costs by  
5 replacing high-cost ingredients with lower-cost alternatives.  
6 Hawaii's situation is exacerbated by the lack of local feed  
7 mills, which necessitates the importation of livestock feed.  
8 Years of research and local workshops to encourage and support  
9 the development of locally produced feed have not improved the  
10 deficient feed stock situation in the State.

11           The legislature further finds that the department of  
12 agriculture is committed to reducing the cost of production for  
13 the State's livestock and aquaculture industries by reducing the  
14 cost of feed. Hawaii has the potential ingredients for the  
15 development and production of local feedstock. The department  
16 of agriculture has initiated a feed development process to  
17 identify, assess, and validate available local feed ingredients.



1 The purpose of this Act is to:

- 2 (1) Establish and fund a grant program for qualifying feed  
3 developers;
- 4 (2) Appropriate funds to reimburse qualified producers of  
5 certain products for their cost of feed;
- 6 (3) Appropriate funds to reimburse feed developers for the  
7 costs of feed development; and
- 8 (4) Require and fund the department of agriculture to  
9 conduct a survey to identify, assess, and validate  
10 locally sourced feed ingredients.

11 SECTION 2. Chapter 155D, Hawaii Revised Statutes, is  
12 amended by adding a new section to be appropriately designated  
13 and to read as follows:

14 "§155D- Grants; qualified feed developer. (a)  
15 Applications for grants submitted by qualified feed developers  
16 shall be submitted on a form furnished by the department and  
17 shall be filed with accompanying documentation of feed  
18 development 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 any  
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 sold;

8           (4) The grant shall not exceed a total of \$200,000 per  
9           qualified feed developer per year; and

10          (5) The department may request an applicant to provide any  
11          necessary information for the purposes of verifying  
12          actual sales to qualified producers.

13          (b) Documentation of animal feed costs, as requested by  
14          the department, shall be filed for feed purchased within the  
15          immediately preceding fiscal quarter of the filing and shall be  
16          effective for feed costs incurred after July 1, 2016.

17          (c) The applicant shall submit a quarterly financial  
18          statement of farm revenues and expenses along with other  
19          supporting documents as deemed necessary by the department and  
20          filed with the documentation of the feed costs. An annual  
21          financial statement shall be filed with the department within



1 ninety days following the close of the business' fiscal year  
 2 after June 30, 2016, for final reconciliation of any  
 3 reimbursement paid during the previous three quarters within the  
 4 fiscal year. The financial statement shall be certified as  
 5 accurate by the applicant and the preparer of the financial  
 6 statement on forms prepared by the department.

7 (d) Funds shall be disbursed upon approval by the  
 8 department to the qualified feed developer for up to fifty per  
 9 cent of the cost of goods sold, as verified by a certified  
 10 public accountant.

11 (e) In no case shall costs be reimbursed to a qualified  
 12 feed developer when, after evaluation and verification by the  
 13 department, the department determines that the amount of  
 14 reimbursement will result in an annual profit of more than ten  
 15 per cent.

16 (f) The department shall aggregate the total grant  
 17 applications pursuant to this section and divide and distribute  
 18 the available grant funds on a pro rata basis."

19 SECTION 3. Section 155D-1, Hawaii Revised Statutes, is  
 20 amended by adding a new definition to be appropriately inserted  
 21 and to read as follows:



1        "Qualified feed developer" means any person that, at the  
 2 time of application for and disbursement of funds under this  
 3 chapter, is in the business of cultivating feed crops or  
 4 manufacturing feed for qualified producers."

5        SECTION 4. There is appropriated out of the general  
 6 revenues of the State of Hawaii the sum of \$                    or so much  
 7 thereof as may be necessary for fiscal year 2016-2017 for the  
 8 livestock revitalization program of the department of  
 9 agriculture that shall be allocated as follows:

10        (1) \$                    to reimburse qualified producers of milk,  
 11                                    pork, eggs, poultry, beef, sheep, lamb, goats, and  
 12                                    seafood, for the cost of feed for beef cattle, dairy  
 13                                    cows or milking goats, goats raised for meat, sheep,  
 14                                    hogs, fish, crustaceans, and poultry; and

15        (2) \$                    to reimburse qualified feed developers for  
 16                                    the costs of development of feed for sale to qualified  
 17                                    producers; provided that from the sum appropriated,  
 18                                    the department of agriculture may expend up to \$15,000  
 19                                    to administer and operate the qualified feed developer  
 20                                    grant program pursuant to section 155D-                    , Hawaii



1 Revised Statutes, including support services and  
2 general administrative overhead.

3 The sum appropriated shall be expended by the department of  
4 agriculture for the purposes of this Act.

5 SECTION 5. There is appropriated out of the general  
6 revenues of the State of Hawaii the sum of \$ or so much  
7 thereof as may be necessary for fiscal year 2016-2017 for the  
8 department of agriculture to conduct a survey to identify,  
9 assess, and validate locally sourced feed ingredients that are  
10 available to qualified feed developers under section 2 of this  
11 Act.

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

14 SECTION 6. Funds appropriated or authorized by section 4  
15 of this Act that are not expended or encumbered by June 30,  
16 2017, shall lapse as of that date.

17 SECTION 7. New statutory material is underscored.

18 SECTION 8. This Act shall take effect on January 20, 2050.



**Report Title:**

Qualified Feed Developer Grants; Livestock Revitalization Program; Local Feed Source Survey; Appropriations

**Description:**

Establishes within the Livestock Revitalization Program a grant program for qualified feed developers. Appropriates funds for the Feed Developer Grant Program, reimbursements to qualified producers for feed costs, and a survey of local feed ingredient sources. (HB1999 HD1)

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

