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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.

18           The purpose of this Act is to:



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

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

13 "§155D- Grants; qualified feed developer. (a)  
 14 Applications for grants submitted by qualified feed developers  
 15 shall be submitted on a form furnished by the department and  
 16 shall be filed with accompanying documentation of feed  
 17 development 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,



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 development costs, as  
14          requested by the department, shall be filed for feed sold to  
15          qualified producers within the immediately preceding fiscal  
16          quarter of the filing and shall be effective for feed  
17          development costs incurred after July 1, 2016.

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

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

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

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

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



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

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

8 SECTION 4. Section 155D-2, Hawaii Revised Statutes, is  
9 amended by amending subsections (b) and (c) to read as follows:

10 "(b) Documentation of animal feed costs, as requested by  
11 the department, shall be filed for feed purchased within the  
12 immediate preceding fiscal quarter of filing [~~and shall be~~  
13 ~~effective for feed costs incurred after July 1, 2013]~~ .

14 (c) The applicant shall submit a quarterly financial  
15 statement of farm revenues and expenses along with other  
16 supporting documents as deemed necessary by the department, and  
17 filed with the documentation of the feed costs. An annual  
18 financial statement shall be filed with the department within  
19 ninety days following the close of the business' fiscal year  
20 [~~after June 28, 2013]~~, for final reconciliation of any  
21 reimbursement paid during the previous three quarters within the



1 fiscal year. The financial statements shall be certified as  
2 accurate by the applicant and the preparer of the financial  
3 statement on forms prepared by the department."

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

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

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



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

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

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

12 SECTION 7. Funds appropriated or authorized by section 5  
13 of this Act that are not expended or encumbered by June 30,  
14 2017, shall lapse as of that date.

15 SECTION 8. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17 SECTION 9. This Act shall take effect on July 1, 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. Effective 7/1/2050. (SD2)

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