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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 development costs, as  
14 requested by the department, shall be filed for feed developed  
15 within the immediately preceding fiscal quarter and shall be  
16 effective for feed development costs incurred after June 30,  
17 2015.

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



1 annual financial statement shall be filed with the department  
2 within ninety days following the close of the business' fiscal  
3 year after June 28, 2015, for final reconciliation of any  
4 reimbursement paid during the previous three quarters within the  
5 fiscal year. The financial statements shall be certified as  
6 accurate by the applicant and the preparer of the financial  
7 statement on forms prepared by the 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 cost of goods sold, as verified by a certified  
11 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. 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 2015-2016 and the  
11 same sum or so much thereof as may be necessary for fiscal year  
12 2016-2017 for the livestock revitalization program of the  
13 department of agriculture that shall be allocated as follows:

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

19 (2) \$ to reimburse qualified feed developers for  
20 the costs of development of feed for sale to qualified  
21 producers; provided that from the sum appropriated,



1 the department of agriculture may expend up to \$15,000  
2 to administer and operate the qualified feed developer  
3 grant program pursuant to section 155D- , Hawaii  
4 Revised Statutes, including support services and  
5 general administrative overhead.

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

8 SECTION 5. 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 2015-2016 and the  
11 same sum or so much thereof as may be necessary for fiscal year  
12 2016-2017 for the department of agriculture to conduct a survey  
13 to identify, assess, and validate locally sourced feed  
14 ingredients that are available to qualified feed developers  
15 under section 2 of this Act.

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

18 SECTION 6. The appropriation made for the purpose  
19 authorized under section 4 of this Act shall not lapse at the  
20 end of the fiscal year for which the appropriation is made;



1 provided that any balance of any appropriation that is not  
2 encumbered as of June 30, 2017, shall lapse as of that date.

3 SECTION 7. New statutory material is underscored.

4 SECTION 8. This Act shall take effect on July 1, 2015.



**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 cost, and a survey of local feed ingredient sources. (HB508 HD1)

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

