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# A BILL FOR AN ACT

RELATING TO AGRICULTURE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

**1** PART I

**2** SECTION 1. The legislature finds that the Hawaii livestock  
**3** industry consistently identifies the cost of feed as the most  
**4** expensive component in operational costs. This concern is in  
**5** line with the national and global effort to reduce feed costs by  
**6** replacing high-cost ingredients with lower-cost alternatives.  
**7** Hawaii's situation is exacerbated by the lack of local feed  
**8** mills, which necessitates the importation of livestock feed.  
**9** Years of research and local workshops to encourage and support  
**10** the development of locally produced feed have not improved the  
**11** deficient feed stock situation in the State.

**12** The legislature further finds that the department of  
**13** agriculture is committed to reducing the cost of production for  
**14** the State's livestock and aquaculture industries by reducing the  
**15** cost of feed. Hawaii has the potential ingredients for the  
**16** development and production of local feedstock. The department



1 of agriculture has initiated a feed development process to  
2 identify, assess, and validate available local feed ingredients.

3 The purpose of this part is to:

4 (1) Establish and fund a grant program for qualifying feed  
5 developers;

6 (2) Appropriate funds to reimburse qualified producers of  
7 certain products for their cost of feed;

8 (3) Appropriate funds to reimburse feed developers for the  
9 costs of feed development; and

10 (4) Require and fund the department of agriculture to  
11 conduct a survey to identify, assess, and validate  
12 locally sourced feed ingredients.

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

16 "§155D- Grants; qualified feed developer. (a)  
17 Applications for grants submitted by qualified feed developers  
18 shall be submitted on a form furnished by the department and  
19 shall be filed with accompanying documentation of feed  
20 development costs; provided that:



- 1       (1) The applicant shall comply with applicable federal and  
2       state laws prohibiting discrimination against any  
3       person on the basis of race, color, national origin,  
4       religion, creed, sex, age, sexual orientation, or  
5       disability;
- 6       (2) The applicant shall have applied for or received any  
7       applicable licenses or permits;
- 8       (3) The applicant shall indemnify and hold harmless the  
9       State and its officers, agents, and employees from all  
10       claims arising out of or resulting from the feed sold;
- 11       (4) The grant shall not exceed a total of \$200,000 per  
12       qualified feed developer per year; and
- 13       (5) The department may request an applicant to provide any  
14       necessary information for the purposes of verifying  
15       actual sales to qualified producers.
- 16       (b) Documentation of animal feed development costs, as  
17       requested by the department, shall be filed for feed developed  
18       within the immediately preceding fiscal quarter and shall be  
19       effective for feed development costs incurred after June 30,  
20       2015.



1       (c) The applicant shall submit a quarterly financial  
2 statement of farm revenues and expenses along with other  
3 supporting documents as deemed necessary by the department and  
4 filed with the documentation of the feed development costs. An  
5 annual financial statement shall be filed with the department  
6 within ninety days following the close of the business' fiscal  
7 year after June 28, 2015, for final reconciliation of any  
8 reimbursement paid during the previous three quarters within the  
9 fiscal year. The financial statements shall be certified as  
10 accurate by the applicant and the preparer of the financial  
11 statement on forms prepared by the department.

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

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



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

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

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

11           SECTION 4. There is appropriated out of the general  
12       revenues of the State of Hawaii the sum of \$            or so much  
13       thereof as may be necessary for fiscal year 2015-2016 and the  
14       same sum or so much thereof as may be necessary for fiscal year  
15       2016-2017 for the livestock revitalization program of the  
16       department of agriculture that shall be allocated as follows:

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



1           (2) \$                   to reimburse qualified feed developers for  
2                   the costs of development of feed for sale to qualified  
3                   producers; provided that from the sum appropriated,  
4                   the department of agriculture may expend up to \$15,000  
5                   to administer and operate the qualified feed developer  
6                   grant program pursuant to section 155D-           , Hawaii  
7                   Revised Statutes, including support services and  
8                   general administrative overhead.

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

11           SECTION 5. There is appropriated out of the general  
12           revenues of the State of Hawaii the sum of \$                   or so much  
13           thereof as may be necessary for fiscal year 2015-2016 and the  
14           same sum or so much thereof as may be necessary for fiscal year  
15           2016-2017 for the department of agriculture to conduct a survey  
16           to identify, assess, and validate locally sourced feed  
17           ingredients that are available to qualified feed developers  
18           under section 2 of this Act.

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

21



1 PART II

2 SECTION 6. The legislature finds that supporting local  
3 agriculture is a strategic public investment that will build  
4 community resilience and strengthen the productive base of the  
5 economy. The current lack of young farmers and ranchers with  
6 the experience, skills, and ambition to undertake the rigorous  
7 and complex work of farming and ranching as a business poses a  
8 significant hurdle to revitalizing local agriculture. To  
9 address this problem, the legislature finds that rebuilding  
10 existing programs that educate, support, and encourage youth to  
11 pursue agriculture careers, is a timely and efficient means of  
12 achieving community resilience and sustainability. The  
13 legislature further finds that it is important to improve food  
14 security and self-sufficiency in the State by encouraging the  
15 development and implementation of a whole system approach to  
16 agriculture in Hawaii. Accordingly, the purpose of this part is  
17 to appropriate funds to the Future Farmers of America program.

18 SECTION 7. There is appropriated out of the general  
19 revenues of the State of Hawaii the sum of \$ or so much  
20 thereof as may be necessary for fiscal year 2015-2016 and the  
21 same sum or so much thereof as may be necessary for fiscal year



1 2016-2017 for the implementation and operation of the Future  
2 Farmers of America program to educate and support youth in  
3 agriculture careers.

4 The sums appropriated shall be expended by the department  
5 of education for the purposes of this Act.

6 PART III

7 SECTION 6. The appropriation made for the purpose  
8 authorized under section 4 of this Act shall not lapse at the  
9 end of the fiscal year for which the appropriation is made;  
10 provided that any balance of any appropriation that is not  
11 encumbered as of June 30, 2017, shall lapse as of that date.

12 SECTION 7. New statutory material is underscored.

13 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. Appropriates funds for the Future Farmers of America program. (SB382 HD2 PROPOSED)

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