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



1 The purpose of this part is to:

- 2 (1) Make a housekeeping amendment to harmonize a qualified
3 feed developer grant program requirement and a
4 qualified producer grant program requirement;
- 5 (2) Appropriate funds to reimburse qualified producers of
6 certain products for their cost of feed; and
- 7 (3) Appropriate funds to reimburse feed developers for the
8 costs of feed development.

9 SECTION 2. Section 155D-2.5, Hawaii Revised Statutes, is
10 amended by amending subsection (b) to read as follows:

11 "(b) Documentation of animal feed development costs, as
12 requested by the department, shall be filed for feed sold to
13 qualified producers within the immediately preceding fiscal
14 quarter of the filing [~~and shall be effective for feed~~
15 ~~development costs incurred after July 1, 2016]~~."

16 SECTION 3. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$2,000,000 or so much
18 thereof as may be necessary for fiscal year 2017-2018 for the
19 livestock revitalization program of the department of
20 agriculture that shall be allocated as follows:



1 (1) \$1,000,000 to reimburse qualified producers of milk,
2 pork, eggs, poultry, beef, sheep, lamb, goats, and
3 seafood, for the cost of feed for beef cattle, dairy
4 cows or milking goats, goats raised for meat, sheep,
5 hogs, fish, crustaceans, and poultry; and

6 (2) \$1,000,000 to reimburse qualified feed developers for
7 the costs of development of feed for sale to qualified
8 producers; provided that from the sum appropriated,
9 the department of agriculture may expend up to \$15,000
10 to administer and operate the qualified feed developer
11 grant program pursuant to section 155D-2.5, Hawaii
12 Revised Statutes, including support services and
13 general administrative overhead.

14 The sum appropriated shall be expended by the department of
15 agriculture for the purposes of this part.

16 **PART II**

17 SECTION 4. The legislature finds that over the last
18 several decades, the State and the private sector have searched
19 for ways to reduce or eliminate food and solid waste products,
20 as well as construction waste and recycling materials. The
21 agribusiness development corporation is currently involved in a



1 public-private partnership to develop a zero waste conversion
2 process on the island of Hawaii converting papaya waste into
3 fuel and animal feed. The zero waste process utilizes every
4 stage of the papaya plant, from seed to fruit, to reduce the
5 amount of food waste that is delivered to landfills while
6 producing renewable bioenergy fuel.

7 The legislature further finds that livestock feed costs for
8 feed shipped to Hawaii for local agriculturalists and
9 aquaculturalists often exceed sixty per cent of overall
10 livestock production costs in Hawaii. The agribusiness
11 development corporation seeks to broaden its waste-reduction and
12 recycling projects by partnering with a viable and qualified
13 entity to establish a livestock feed mill operation using waste
14 materials, such as unusable macadamia nut fruit and shells, and
15 converting those otherwise unusable parts and byproducts into
16 aquaculture and livestock feed. This process has shown great
17 promise in farm trials. The agribusiness development
18 corporation will assist with the development of the plans and
19 design of the operation, and will purchase the equipment to
20 convert and process the waste materials. The project partner
21 will be required to have adequate warehouse space to house the



1 equipment and be required to provide the labor for the
2 manufacture and sale of the resulting product.

3 The purpose of this part is to further the State's goals of
4 reducing waste, reducing livestock production costs, and
5 producing livestock feed within the State to enable aquaculture
6 operations in the State to thrive by funding the planning,
7 designing, and construction of a livestock feed mill.

8 SECTION 5. The director of finance is authorized to issue
9 general obligation bonds in the sum of \$4,000,000 or so much
10 thereof as may be necessary and the same sum or so much thereof
11 as may be necessary is appropriated for fiscal year 2017-2018
12 for the purpose of planning, designing, and purchasing a
13 livestock feed mill.

14 SECTION 6. The appropriation made for the capital
15 improvement project authorized by this Act shall not lapse at
16 the end of the fiscal biennium for which the appropriation is
17 made; provided that all moneys from the appropriation
18 unencumbered as of June 30, 2020, shall lapse as of that date.

19 SECTION 7. Statutory material to be repealed is bracketed
20 and stricken.

21 SECTION 8. This Act shall take effect on July 1, 2017.



Report Title:

Department of Agriculture; Qualified Feed Developer Grants;
Livestock Revitalization Program; Appropriation; GO Bonds

Description:

Repeals language requiring documentation of animal feed development costs to be effective for feed development costs incurred after July 1, 2016. Appropriates funds to the Department of Agriculture for the feed developer grant program and reimbursements to qualified producers for feed costs. Authorizes GO bonds for the planning, designing, and purchasing of a livestock feed mill. (SB612 HD1 PROPOSED)

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