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S.B. NO. 2890

A Bill for an Act Relating to Milk Control.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 157-1, Hawaii Revised Statutes, is amended by adding a new definition to be appropriately inserted and to read as follows:

“‘Shortage’ means that no milk is utilized for Class II purposes.”

SECTION 2. Section 157-15, Hawaii Revised Statutes, is amended to read as follows:

“§157-15 Audit of books and accounts. The board of agriculture may examine and audit the books and accounts of licensed producers, producer-distributors and distributors for the purpose of determining how payments to producers and producer-distributors are computed, whether the amounts of the payments are fair, or whether any provisions of this chapter affecting such payments, directly or indirectly, have been or are being violated. The board may also examine and audit the costs of the production, handling, processing, distribution and marketing of milk as they may affect such payments, directly or indirectly. The board shall conduct an independent monthly audit with Federal Milk Marketing Order specifications which examines and verifies milk utilization by the processing plants and is immediately released upon completion.”

SECTION 3. Section 157-23, Hawaii Revised Statutes, is amended to read as follows:

“§157-23 License fees. In order to meet the expenditures necessary to administer this chapter, the board of agriculture shall establish license fees to be

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paid by producers, producer-distributors and distributors. In determining these fees, the board shall, at least thirty days before the new license year begins:

- (1) Project the reasonable expenditures necessary to administer the chapter for the license year;
- (2) Project the amount to be paid by applicants for original or renewal licenses for the license year;
- (3) Project the reasonable expenditures necessary to conduct an independent monthly audit;
- [(3)] (4) Estimate the total volume of milk to be produced and processed for the license year;
- [(4)] (5) Using (1), (2), [and] (3), and (4) above, establish a reasonable rate per hundred-weight or other unit as determined by the board; and
- [(5)] (6) Collect such fees monthly, or at such other intervals as may be determined by the board, during the license year based on actual milk produced and processed.

To facilitate the collection of license fees, the board may require a producer-distributor or distributor to withhold from any payment owing to any producer a part or all of the license fee due under this chapter by such producer. For any such withholding required by the board, the producer-distributor or distributor shall be paid a reasonable fee by the board. The amount of the fee shall be set by the board. An agricultural cooperative all of whose producer-members have complied with the licensing provisions of this chapter shall be exempt from the payment of the license fee.”

SECTION 4. Chapter 157, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“**§157- Milk shortage.** In the event of a shortage, the board shall require all milk produced within the milk shed first serve the needs of the consumers within the milk shed.”

SECTION 5. Statutory material to be repealed is bracketed. New statutory material is underscored.¹

SECTION 6. This Act shall take effect upon its approval.

(Approved April 26, 1988.)

Note

1. Edited pursuant to HRS §23G-16.5.