

## ACT 312

S.B. NO. 2990

A Bill for an Act Relating to Sustainable Agriculture.

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

SECTION 1. The legislature finds that the use of cover crops, green manure, and compost increases agricultural productivity and aligns with the State's integrated sustainability goals. Plants used for this purpose, including grasses, legumes, and forbs, add nutrients to the soil, act as windbreaks, assist with water retention, provide habitats for beneficial insects, and help prevent soil erosion.

The legislature further finds that it is in the interest of the State to incentivize the use of management practices that enhance the quality and sustainability of Hawaii's agricultural lands.

Accordingly, the purpose of this Act is to establish and appropriate moneys for a cover crop reimbursement pilot program to reimburse farming operations in the State for the costs of acquiring cover crop seeds, green manure, or compost.

SECTION 2. (a) The department of agriculture shall establish, implement, and administer a three-year cover crop reimbursement pilot program to reimburse farming operations in the State for the costs of acquiring cover crop seeds, green manure, or compost.

(b) Each application for cost reimbursement shall be submitted on a form furnished by the department of agriculture and shall be accompanied by documentation of the costs of items purchased, pursuant to subsection (c); provided that:

- (1) The applicant shall indemnify and hold harmless the State and its officers, agents, and employees from all claims arising out of or resulting from the cover crop seeds, green manure, or compost purchased; and
  - (2) The department of agriculture may request the applicant to provide additional information for the purposes of verifying the volume of cover crop seeds, green manure, or compost purchased.
- (c) Applications for reimbursement under the cover crop reimbursement pilot program shall be filed for cover crop seeds, green manure, and com-

post purchased within the fiscal year immediately preceding the filing and shall be effective for costs incurred for purchases after June 30, 2022, but before July 1, 2025. Each application shall include a certification that the amount for which the applicant seeks reimbursement has not been nor will be reimbursed by any other governmental cover crop incentive program, including the United States Department of Agriculture, Natural Resources Conservation Service’s environmental quality incentives program and the conservation stewardship program.

(d) If an application is approved, funds shall be disbursed upon approval by the department of agriculture on an annual basis to the farmer or rancher for up to seventy-five per cent of the costs incurred for cover crop seeds, green manure, or compost purchased after June 30, 2022, but before July 1, 2025.

(e) The department of agriculture shall convene a review panel comprising knowledgeable representatives from the department of agriculture, University of Hawaii at Manoa college of tropical agriculture and human resources, and industry organizations. The review panel shall screen and rate applicants on the quality and appropriate use of their cover crops and green manure and their composting practices. The department shall aggregate the total reimbursement applications pursuant to this section and distribute the available moneys based on a ranking scale as determined by the review panel; provided that a higher-ranked applicant shall receive a higher rate of reimbursement than a lower-ranked applicant.

(f) There is established within the department of agriculture a cover crop reimbursement pilot program manager position, which shall be a full-time temporary position exempt from the requirements of chapters 76 and 89, Hawaii Revised Statutes. The cover crop reimbursement pilot program manager shall receive a salary not to exceed \$50,000 per year. The cover crop reimbursement pilot program manager shall possess a requisite level of knowledge and expertise in the area of program management necessary to carry out the duties of the position. The cover crop reimbursement pilot program manager shall:

- (1) Facilitate the division and distribution of available funds for reimbursement; and
- (2) Manage the day-to-day coordination of the cover crop reimbursement pilot program.

(g) Any action taken by the department of agriculture pursuant to this section shall be exempt from the rulemaking requirements of chapter 91, Hawaii Revised Statutes.

(h) The department of agriculture shall submit an interim report of its findings and recommendations relating to activities conducted pursuant to this Act, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2025 and a final report no later than twenty days prior to the convening of the regular session of 2026. The report shall include the department’s recommendation on whether the pilot program should be extended, with or without modifications.

(i) As used in this section:

“Compost” means a product of a composting process.

“Compostable materials” includes pre- and post-consumer food waste, waste from animal food processing operations, green waste, crop residues, and waste from vegetable food processing operations and similar materials.

“Composting process” means a process in which organic compostable materials are biologically decomposed under controlled conditions to produce a stable humus-like mulch or soil amendment, and includes:

- (1) The receipt of materials;
- (2) Primary processing;
- (3) Decomposition activities; and

(4) Final processing for sale and marketing.

“Cover crop” and “green manure” mean the plants listed in the cover crop and green manure database maintained by the University of Hawaii at Manoa college of tropical agriculture and human resources, except bermuda grass and other invasive or fast-growing grasses.

“Farming operation” has the same meaning as in section 165-2, Hawaii Revised Statutes.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$300,000 or so much thereof as may be necessary for fiscal year 2022-2023 for the department of agriculture to establish, implement, and administer a cover crop reimbursement pilot program.

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

SECTION 4. This Act shall take effect on July 1, 2022.

(Became law on July 12, 2022, without the Governor’s signature, pursuant to Art. III, §16, State Constitution.)