



GOV. MSG. NO. 1323

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

July 6, 2016

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on July 6, 2016, the following bill was signed into law:

HB1999 HD1 SD2 CD1

RELATING TO AGRICULTURE
ACT 221 (16)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

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 qualified feed
3 developers;

4 (2) Appropriate funds to reimburse qualified producers of
5 certain products for their cost of feed; and

6 (3) Appropriate funds to reimburse feed developers for the
7 costs of feed development.

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

11 "§155D- Grants; qualified feed developer. (a)
12 Applications for grants submitted by qualified feed developers
13 shall be submitted on a form furnished by the department and
14 shall be filed with accompanying documentation of feed
15 development costs; provided that:

16 (1) The applicant shall comply with applicable federal and
17 state laws prohibiting discrimination against any
18 person on the basis of race, color, national origin,
19 religion, creed, sex, age, sexual orientation, or
20 disability;



- 1 (2) The applicant shall have applied for or received any
2 applicable licenses or permits;
- 3 (3) The applicant shall indemnify and hold harmless the
4 State and its officers, agents, and employees from all
5 claims arising out of or resulting from the feed sold;
- 6 (4) The grant shall not exceed a total of \$200,000 per
7 qualified feed developer per year; and
- 8 (5) The department may request an applicant to provide any
9 necessary information for the purposes of verifying
10 actual sales to qualified producers.
- 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 (c) The applicant shall submit a quarterly financial
17 statement of revenues and expenses along with other supporting
18 documents as deemed necessary by the department and filed with
19 the documentation of the feed development costs. An annual
20 financial statement shall be filed with the department within
21 ninety days following the close of the business' fiscal year,



1 for final reconciliation of any reimbursement paid during the
2 previous three quarters within the fiscal year. The financial
3 statement shall be certified as accurate by the applicant and
4 the preparer of the financial statement on forms prepared by the
5 department.

6 (d) Funds shall be disbursed upon approval by the
7 department to the qualified feed developer for up to fifty per
8 cent of the development costs of feed sold to qualified
9 producers, as verified by a certified public accountant.

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

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

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



1 "Qualified feed developer" means any person that, at the
2 time of application for and disbursement of funds under this
3 chapter, is in the business of cultivating feed crops or
4 manufacturing feed for qualified producers."

5 SECTION 4. Section 155D-2, Hawaii Revised Statutes, is
6 amended by amending subsections (b) and (c) to read as follows:

7 "(b) Documentation of animal feed costs, as requested by
8 the department, shall be filed for feed purchased within the
9 immediate preceding fiscal quarter of filing [~~and shall be~~
10 ~~effective for feed costs incurred after July 1, 2013~~].

11 (c) The applicant shall submit a quarterly financial
12 statement of farm revenues and expenses along with other
13 supporting documents as deemed necessary by the department, and
14 filed with the documentation of the feed costs. An annual
15 financial statement shall be filed with the department within
16 ninety days following the close of the business' fiscal year
17 [~~after June 28, 2013,~~] for final reconciliation of any
18 reimbursement paid during the previous three quarters within the
19 fiscal year. The financial statements shall be certified as
20 accurate by the applicant and the preparer of the financial
21 statement on forms prepared by the department."



1 SECTION 5. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$2,000,000 or so much
3 thereof as may be necessary for fiscal year 2016-2017 for the
4 livestock revitalization program of the department of
5 agriculture that shall be allocated as follows:

6 (1) \$1,000,000 to reimburse qualified producers of milk,
7 pork, eggs, poultry, beef, sheep, lamb, goats, and
8 seafood, for the cost of feed for beef cattle, dairy
9 cows or milking goats, goats raised for meat, sheep,
10 hogs, fish, crustaceans, and poultry; and

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

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



1 SECTION 6. Funds appropriated or authorized by section 5
2 of this Act that are not expended or encumbered by June 30,
3 2017, shall lapse as of that date.

4 SECTION 7. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 8. This Act shall take effect on July 1, 2016.

APPROVED this 6 day of JUL , 2016



GOVERNOR OF THE STATE OF HAWAII

