
A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

PART I

1
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) Establish and fund a grant program for qualifying feed
3 developers;

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

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

8 (4) Appropriate funds to assist feed developers in the
9 planning and construction of feed mills situated in
10 the State of Hawaii; and

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

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

17 "§155D- Grants; qualified feed developer. (a)
18 Applications for grants submitted by qualified feed developers
19 shall be submitted on a form furnished by the department and
20 shall be filed with accompanying documentation of feed
21 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 applicant for the planning and construction of a
12 feed mill shall provide a completion bond and payment
13 bond adequate to cover the completion of the planned
14 feed mill, as determined by the department;
- 15 (5) Any grant for the planning and construction of a feed
16 mill:
- 17 (A) Shall not exceed \$750,000 per project; and
- 18 (B) Shall be disbursed as a dollar-for-dollar match
19 to other funding pledged to or deposited with the
20 feed mill developer solely for the planning and
21 construction of the feed mill;



1 (6) The grant shall not exceed a total of \$200,000 per
2 qualified feed developer per year or \$500,000 in the
3 aggregate per year; and

4 (7) The department may request an applicant to provide any
5 necessary information for the purposes of verifying
6 actual sales to qualified producers.

7 (b) Documentation of animal feed development costs, as
8 requested by the department, shall be filed for feed developed
9 within the immediately preceding fiscal quarter and shall be
10 effective for feed development costs incurred after June 30,
11 2015.

12 (c) The applicant shall submit a quarterly financial
13 statement of farm revenues and expenses along with other
14 supporting documents as deemed necessary by the department and
15 filed with the documentation of the feed development costs. An
16 annual financial statement shall be filed with the department
17 within ninety days following the close of the business' fiscal
18 year after June 28, 2015, for final reconciliation of any
19 reimbursement paid during the previous three quarters within the
20 fiscal year. The financial statements shall be certified as



1 accurate by the applicant and the preparer of the financial
2 statement on forms prepared by the department.

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

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

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

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

18 "Qualified feed developer" means any person that, at the
19 time of application for and disbursement of funds under this
20 chapter, is in the business of cultivating feed crops or
21 manufacturing or researching feed for qualified producers."



1 SECTION 4. There is appropriated out of the general
 2 revenues of the State of Hawaii the sum of \$ or so
 3 much thereof as may be necessary for fiscal year 2015-2016 and
 4 the same sum or so much thereof as may be necessary for fiscal
 5 year 2016-2017 for the livestock revitalization program of the
 6 department of agriculture that shall be allocated as follows:

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

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

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



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

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

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

16 PART II

17 SECTION 7. The legislature finds that mankind has
18 cultivated hemp as a source of food and fiber for thousands of
19 years. Modern production methods have utilized hemp's oilseed
20 to make high-grade food and beauty products. The stalks produce



1 fiber and cellulose for everything from automotive parts and
2 fine clothing to building materials and fuel.

3 The legislature further finds that according to estimates
4 by the Hemp Industries Association, retail sales of industrial
5 hemp products in the United States have grown steadily since
6 1990 to more than \$580,000,000 annually in 2013. California
7 manufacturers of hemp products currently import tens of
8 thousands of acres' worth of hemp seed, oil, and fiber products
9 from around the world that could be produced by American farmers
10 at a more competitive price. Additionally, the intermediate
11 processing of hemp seed, oil, food ingredients, and fiber could
12 create jobs in close proximity to the fields of cultivation.

13 The legislature further finds that support for industrial
14 hemp farming is occurring at the national level. California,
15 Colorado, Delaware, Hawaii, Illinois, Indiana, Kentucky, Maine,
16 Montana, Nebraska, North Dakota, Oregon, South Carolina,
17 Tennessee, Utah, Vermont, Washington, and West Virginia have
18 defined industrial hemp as a distinct agricultural crop and
19 removed barriers to its production. Furthermore, President
20 Obama signed the 2014 Farm Bill into law, which authorizes
21 industrial hemp research and pilot programs in states that



1 regulate hemp farming under the authority of the state
2 department of agriculture. Farmers and universities in
3 Colorado, Kentucky, and Vermont have already planted hemp crops
4 to conduct pilot programs after registering with their state
5 department of agriculture.

6 The purpose of this part is to authorize industrial hemp to
7 be grown for purposes of research conducted under an
8 agricultural pilot program or other agricultural or academic
9 research by an institution of higher education or by others
10 acting under specific agreement with and under the authority of
11 the Hawaii department of agriculture.

12 SECTION 8. Chapter 141, Hawaii Revised Statutes, is
13 amended by adding a new part to be appropriately designated and
14 to read as follows:

15 **"PART II. INDUSTRIAL HEMP**

16 **§141- Definitions.** As used in this part:

17 "Board" means the board of agriculture.

18 "Chairperson" means the chairperson of the board of
19 agriculture.

20 "Industrial hemp" means the plant *Cannabis sativa* L. and
21 any part of such plant, whether growing or not, with a delta-9



1 tetrahydrocannabinol concentration of not more than 0.3 per cent
2 on a dry weight basis, that is cultivated in connection with an
3 institution of higher education, a registered seed breeder, or
4 an approved seed cultivar as authorized by this part.

5 "Institution of higher education" means a public or private
6 institution of higher learning as defined in section 101 of the
7 Higher Education Act of 1965 (20 U.S.C. 1001).

8 "Registered seed breeder" means an individual or public or
9 private institution or organization that is registered with the
10 chairperson to develop seed cultivars intended for sale or
11 research.

12 "Seed cultivar" means a variety of industrial hemp.

13 "Seed development plan" means a strategy devised by a
14 registered seed breeder, or applicant seed breeder, detailing
15 the breeder's planned research approach and expected results to
16 growing and developing a new seed cultivar for industrial hemp.

17 "Variety" means a group or individual plants that exhibit
18 the same observable physical characteristics or have the same
19 genetic composition.

20 §141- Growing of industrial hemp for research purposes;
21 registration. (a) Except when grown by an institution of



1 higher education or by a registered seed breeder developing a
2 new Hawaii seed cultivar, industrial hemp shall be grown only if
3 it is on the list of approved seed cultivars. The board may
4 from time to time add or remove any seed cultivar from the list.

5 (b) The list of approved seed cultivars shall include the
6 following:

7 (1) Industrial hemp seed cultivars that have been
8 certified by the Organisation for Economic Co-
9 operation and Development; and

10 (2) Hawaii varieties of industrial hemp seed cultivars
11 that have been certified by the board.

12 (c) Before cultivation, a grower of industrial hemp shall
13 register with the board to engage in industrial hemp cultivation
14 and request that the board certify the site where the hemp will
15 be grown. The application for registration shall include the
16 following information:

17 (1) The name, business address, and mailing address of the
18 applicant;

19 (2) The legal description, global positioning system
20 coordinates, and map of the land area on which the



1 applicant plans to engage in industrial hemp
2 cultivation or storage; and

3 (3) The approved seed cultivar to be grown and a seed
4 development plan with a detailed description of the
5 proposed research to be conducted.

6 The application shall be accompanied by a registration fee,
7 to be established by rules of the board, which shall be used to
8 cover the costs of implementing, administering, and enforcing
9 this part. The registration shall be valid for two years, after
10 which the registrant shall renew the registration and pay the
11 renewal fee, to be established by rules of the board.

12 (d) If the chairperson determines that the requirements
13 for registration pursuant to this section are satisfied, the
14 chairperson shall issue a registration to the applicant.

15 (e) A registrant that wishes to alter the land area on
16 which the registrant conducts industrial hemp cultivation or
17 storage shall, before altering the area, submit to the
18 chairperson an updated legal description, global positioning
19 system coordinates, and map specifying the proposed alteration.
20 If the chairperson receives and approves the updated
21 information, the chairperson shall notify the registrant in



1 writing that the registrant may cultivate industrial hemp on the
2 altered land area.

3 (f) A registrant that wishes to change the seed cultivar
4 grown shall submit to the chairperson the name of the new,
5 approved seed cultivar to be grown. If the chairperson receives
6 and approves the change to the registration, the chairperson
7 shall notify the registrant in writing that the registrant may
8 cultivate the new seed cultivar.

9 §141- Cultivation by established agricultural research
10 institutions. Institutions of higher education may cultivate or
11 possess industrial hemp with a laboratory test report that
12 indicates a percentage content of tetrahydrocannabinol that is
13 greater than 0.3 per cent if that cultivation or possession
14 contributes to the development of types of industrial hemp that
15 does not have a percentage content of tetrahydrocannabinol that
16 is greater than 0.3 per cent.

17 §141- Prohibited activities. The possession outside of
18 a field of lawful cultivation of resin, flowering tops, or
19 leaves that have been removed from the hemp plant shall be
20 prohibited; provided that the presence of a de minimis amount,
21 or insignificant number, of hemp leaves or flowering tops in



1 hemp bales that result from the normal and appropriate
2 processing of industrial hemp shall not constitute possession of
3 marijuana.

4 **§141- Rulemaking.** The board shall adopt rules pursuant
5 to chapter 91 necessary for the purposes of this part. The
6 board may contract with private growers to conduct research
7 under agricultural pilot programs as allowed under section 7606
8 of the Farm Bill of 2014. The board may apply for a
9 registration with the United States Drug Enforcement
10 Administration to import certified hemp seed for distribution to
11 registered growers who have a written agreement with the board
12 outlining the research they will be conducting."

13 SECTION 9. Chapter 141, Hawaii Revised Statutes, is
14 amended by designating sections 141-1 to 141-10 as part I,
15 entitled "General Provisions".

16 SECTION 10. Chapter 712, Hawaii Revised Statutes, is
17 amended by adding a new section to part IV to be appropriately
18 designated and to read as follows:

19 "§712- Industrial hemp. The possession, cultivation,
20 sale, receipt, or transfer of industrial hemp as authorized



1 under part II of chapter 141 shall not constitute an offense
2 under this part."

3 SECTION 11. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so
5 much thereof as may be necessary for fiscal year 2015-2016 and
6 the same sum or so much thereof as may be necessary for fiscal
7 year 2016-2017 for the establishment of one full-time equivalent
8 (1.00 FTE) position in the department of agriculture to
9 effectuate this part.

10 The sums appropriated shall be expended by the department
11 of agriculture for the purposes of this part.

12 SECTION 12. New statutory material is underscored.

13 SECTION 13. This Act shall take effect on July 1, 2015.



Report Title:

Qualified Producer and Feed Developer Grants; Livestock Revitalization Program; Local Feed Source Survey; Industrial Hemp; Agriculture; Pilot Program; Appropriations

Description:

Establishes within the livestock revitalization program a grant program for qualified producers of certain products and feed developers. Appropriates funds for the feed developer grant program, reimbursements to qualified producers and feed developers for feed cost, assistance to feed developers in the planning and construction of feed mills, and a survey of local feed ingredient sources. Authorizes the growing of industrial hemp for certain purposes under specified conditions. Appropriates funds for department of agriculture staff to assist in registration of industrial hemp growers and seed testing.
(SD1)

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