

Honolulu, Hawaii

MAR 27 2015

RE: H.B. No. 508  
H.D. 1  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Madam:

Your Committee on Agriculture, to which was referred H.B. No. 508, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish and fund a grant program for qualified feed developers;
- (2) Appropriate funds to reimburse qualified producers of certain products for their cost of feed;
- (3) Appropriate funds to reimburse qualified producers and feed developers for the costs of feed development; and
- (4) Require and fund the Department of Agriculture to conduct a survey to identify, assess, and validate locally sourced feed ingredients available to qualified feed developers.

Your Committee received testimony in support of this measure from the Hawaii Cattlemen's Council, Ulupono Initiative, and twenty-nine individuals. Your Committee received testimony in opposition to this measure from Animal Rights Hawaii. Your Committee received comments on this measure from one individual.



Prior to the hearing on this measure, your Committee posted and made available for public review a proposed S.D. 1, which amends this measure by:

- (1) Deleting the appropriation to reimburse qualified producers of certain products for their cost of feed;
- (2) Amending section 1 to reflect the amended purpose of this measure;
- (3) Inserting language from S.B. No. 375, S.D. 2 (Regular Session of 2015), that creates a new part in chapter 141, Hawaii Revised Statutes, which authorizes industrial hemp to be grown for purposes of research conducted under an agricultural pilot program or other agricultural or academic research by an institution of higher education or by others acting under specific agreement with and under the authority of the Hawaii Department of Agriculture;
- (4) Inserting language that exempts the possession, cultivation, sale, receipt, or transfer of industrial hemp as authorized under chapter 141, Hawaii Revised Statutes, from criminal offenses;
- (5) Inserting an appropriation for the hiring of Department of Agriculture staff to assist in the registration of industrial hemp growers and seed testing; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee received testimony in support of the proposed S.D. 1 from the Department of Agriculture, Land Use Research Foundation of Hawaii, Hawaii Farm Bureau, Hawaii Farmers Union United, Pacific Biodiesel Technologies, and forty-one individuals. Your Committee received testimony in opposition to the proposed S.D. 1 from the Medicinal Hemp Association.

Your Committee finds that the Hawaii livestock industry consistently identifies the cost of feed as the most expensive component in operational costs. The Department of Agriculture is committed to reducing the cost of production for the State's livestock and aquaculture industries by reducing the cost of feed. Your Committee further finds that Hawaii has the potential ingredients for the development and production of local feedstock,



and the Department of Agriculture has initiated a feed development process to identify, assess, and validate available local feed ingredients. Your Committee further finds that support for feed mills is the number one priority of this measure, followed by support of industrial hemp cultivation, and lastly support of feed developers and then feed producers.

Your Committee also finds that industrial hemp may be a beneficial ingredient in livestock feed. Hemp has a superior fatty acid profile of omega-3 and omega-6 fatty acids that makes for healthier and better tasting beef and poultry. Modern production methods have utilized hemp oilseed to make high-grade food and beauty products and the hemp stalk fiber and cellulose to make everything from automotive parts and fine clothing to building materials and fuel. According to estimates by the Hemp Industries Association, retail sales of industrial hemp products in the United States have grown steadily since 1990 to more than \$580,000,000 annually in 2013. Additionally, the intermediate processing of hemp seed, oil, food ingredients, and fiber could create jobs in close proximity to the fields of cultivation.

Your Committee has amended this measure by adopting the proposed S.D. 1 and further amending the measure by:

- (1) Reinserting the appropriation to reimburse qualified producers of certain products for their cost of feed;
- (2) Inserting language in section 2 that caps the qualified feed developer grant at \$500,000 in the aggregate per year;
- (3) Inserting language in section 3 to include in the definition of "qualified feed developer" any person that is in the business of researching feed for qualified producers;
- (4) Inserting language in section 8 that requires the application for registration for industrial hemp cultivation to include a seed development plan with a detailed description of the proposed research to be conducted;
- (5) Inserting a definition of "variety" to mean a group or individual plants that exhibit the same observable

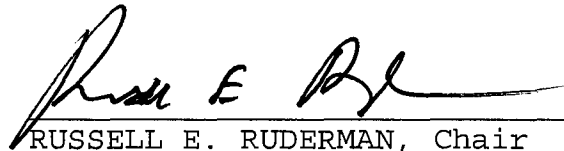


physical characteristics or have the same genetic composition;

- (6) Amending the definition of "seed development plan" to include the breeder's planned research approach and expected results; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 508, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 508, H.D. 1, S.D. 1, and be referred to the Committees on Judiciary and Labor and Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Agriculture,




RUSSELL E. RUDERMAN, Chair



The Senate  
Twenty-Eighth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Agriculture**  
**AGL**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 508 HD1	AGL, JDL/WAM	3/24/15		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312				
<input checked="" type="checkbox"/> Pass, with amendments 2311				
<input type="checkbox"/> Hold 2310				
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
RUDERMAN, Russell E. (C)	X			
RIVIERE, Gil (VC)	X			
CHUN OAKLAND, Suzanne	X			
TANIGUCHI, Brian T.				X
THIELEN, Laura H.	X			
WAKAI, Glenn				X
SLOM, Sam	X			
<b>TOTAL</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>2</b>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

\*Only one measure per Record of Votes