

JAN 27 2016

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.



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1 The purpose of this Act 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; and
- 8 (4) Require and fund the department of agriculture to
9 conduct a survey to identify, assess, and validate
10 locally sourced feed ingredients.

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

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

- 19 (1) The applicant shall comply with applicable federal and
20 state laws prohibiting discrimination against any
21 person on the basis of race, color, national origin,



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1 religion, creed, sex, age, sexual orientation, or
2 disability;

3 (2) The applicant shall have applied for or received any
4 applicable licenses or permits;

5 (3) The applicant shall indemnify and hold harmless the
6 State and its officers, agents, and employees from all
7 claims arising out of or resulting from the feed sold;

8 (4) The grant shall not exceed a total of \$200,000 per
9 qualified feed developer per year; and

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

13 (b) Documentation of animal feed development costs, as
14 requested by the department, shall be filed for feed developed
15 within the immediately preceding fiscal quarter and shall be
16 effective for feed development costs incurred after June 30,
17 2016.

18 (c) The applicant shall submit a quarterly financial
19 statement of farm revenues and expenses along with other
20 supporting documents as deemed necessary by the department and
21 filed with the documentation of the feed development costs. An



1 annual financial statement shall be filed with the department
2 within ninety days following the close of the business' fiscal
3 year after June 28, 2016, for final reconciliation of any
4 reimbursement paid during the previous three quarters within the
5 fiscal year. The financial statements shall be certified as
6 accurate by the applicant and the preparer of the financial
7 statement on forms prepared by the department.

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

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

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



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

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

8 SECTION 4. There is appropriated out of the general
9 revenues of the State of Hawaii the sum of \$ or so much
10 thereof as may be necessary for fiscal year 2016-2017 for the
11 livestock revitalization program of the department of
12 agriculture that shall be allocated as follows:

13 (1) \$ to reimburse qualified producers of milk,
14 pork, eggs, poultry, beef, sheep, lamb, goats, and
15 seafood, for the cost of feed for beef cattle, dairy
16 cows or milking goats, goats raised for meat, sheep,
17 hogs, fish, crustaceans, and poultry; and

18 (2) \$ to reimburse qualified feed developers for
19 the costs of development of feed for sale to qualified
20 producers; provided that from the sum appropriated,
21 the department of agriculture may expend up to \$15,000



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1 to administer and operate the qualified feed developer
2 grant program pursuant to section 155D- , Hawaii
3 Revised Statutes, including support services and
4 general administrative overhead.

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

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

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

16 SECTION 6. Funds appropriated or authorized by section 4
17 of this Act that are not expended or encumbered by June 30,
18 2017, shall lapse as of that date.



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1 SECTION 7. New statutory material is underscored.

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

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Report Title:

Qualified Feed Developer Grants; Livestock Revitalization Program; Local Feed Source Survey; Appropriations

Description:

Establishes within the Livestock Revitalization Program a grant program for qualified feed developers. Appropriates funds for the Feed Developer Grant Program, reimbursements to Qualified Producers for feed costs, and a survey of local feed ingredient sources.

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