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# A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

1           SECTION 1. The cost of feed for livestock production in  
2 Hawaii can comprise up to seventy per cent of total production  
3 costs versus close to fifty per cent for mainland producers.  
4 There are currently five dairies and six egg farms of  
5 significant size, with combined gross annual revenues of  
6 \$26,400,000. Within the past year, two egg farms and one dairy  
7 farm have gone out of business due to production cost increases,  
8 largely attributed to the rising cost of feed for livestock  
9 animals. Currently, another dairy farm and another egg farm are  
10 threatened with closure. Such closures increase the state's  
11 dependence on imported foods and threaten the State's food  
12 security and ability to raise its level of agricultural self-  
13 sufficiency. Self-sufficiency is critical to the state's  
14 ability to respond effectively in the event of natural disasters  
15 or disruptions in transportation.

16           Closure of local dairies and poultry farms also means that  
17 children and adults throughout the state will no longer have the  
18 option of selecting fresh, locally produced milk, fresh



1 chickens, and eggs. The public throughout the state has often  
2 expressed interest in obtaining locally produced milk. The  
3 public has expressed similar interest for island fresh beef,  
4 pork, chicken, eggs, goat, and sheep products.

5 Fresh beef, milk, pork, chickens, and eggs provide  
6 essential nutritional needs to consumers. Because these food  
7 products are perishable, there is a constant risk of food  
8 spoilage caused by lengthy transportation times that, in turn,  
9 can cause food-borne illnesses to consumers.

10 Without these local industries, all sheep and goat  
11 products, beef, milk, pork, chicken, and eggs would have to be  
12 imported into the state, incurring up to ten days of shipping  
13 before being offered to the consumers. Increased shipping time  
14 decreases the expected shelf life of fresh milk and eggs.

15 The purpose of this Act is to create a livestock  
16 revitalization and food security program to administer and  
17 disburse funds to qualified sheep, goat, cattle, dairy, hog, and  
18 poultry farms that apply for and receive, if properly  
19 documented, a reimbursement for up to fifty per cent of each  
20 farm's feed expenses. With financial support, the livestock  
21 industry will be able to make investments in modern equipment,  
22 expand and improve their herds and flocks, and develop new



1 markets and products. This financial support will serve a  
2 public purpose by enabling the livestock industries to stabilize  
3 their operations, thus contributing to food security and making  
4 them more competitive with mainland suppliers in the future.

5 SECTION 2. The Hawaii Revised Statutes is amended by  
6 adding a new chapter to be appropriately designated and to read  
7 as follows:

8 **"CHAPTER**

9 **LIVESTOCK REVITALIZATION PROGRAM**

10 **§ -1 Definitions.** As used in this chapter:

11 "Administrative costs" means costs associated with  
12 reviewing, approving, and recording expenditures and completing  
13 any reporting requirements associated with the grant program.

14 "Department" means the department of agriculture.

15 "Milk" means the lacteal secretion, practically free from  
16 colostrums, obtained by the milking of healthy cows normally  
17 produced or marketed through the channels of the fluid milk  
18 trade.

19 "Poultry products" means chicken eggs, uncooked in shell,  
20 egg-laying chicks, meat bird chicks, pullets, broilers, fryers,  
21 and laying chicken hens.



1 "Qualified producer" means any person that, at the time of  
2 application for and disbursement of funds under this chapter, is  
3 in the business of producing:

4 (1) Milk from a herd, located in Hawaii, if not less than  
5 three hundred fifty cows;

6 (2) Poultry products from a flock, located in Hawaii, of  
7 not less than three thousand birds;

8 (3) Pork from a herd, located in Hawaii, of not less than  
9 fifty sows;

10 (4) Beef from a herd, located in Hawaii, of not less than  
11 four hundred fifty head of cattle;

12 (5) Goat products from a herd located in Hawaii; or

13 (6) Sheep products from a herd located in Hawaii.

14 **§ -2 Grants.** The maximum amount of reimbursement for  
15 each qualified producer who has properly applied for a grant  
16 under this chapter shall be as follows:

17 (1) For qualified dairy producers, forty per cent of feed  
18 expenses; provided that the amount of reimbursement  
19 shall not result in an annual net profit of greater  
20 than twelve per cent;

21 (2) For qualified pork producers, fifty per cent of feed  
22 expenses; provided that the amount of reimbursement



1 shall not result in an annual net profit of greater  
2 than eight per cent;

3 (3) For qualified beef producers, fifty per cent of feed  
4 expenses; provided that the amount of reimbursement  
5 shall not result in an annual net profit of greater  
6 than eight per cent;

7 (4) For qualified producers of poultry products, sixty per  
8 cent of feed expenses; provided that the amount of  
9 reimbursement shall not result in an annual net profit  
10 of greater than eight per cent;

11 (5) For qualified producers of sheep products, per cent  
12 of feed expenses; provided that the amount of  
13 reimbursement shall not result in an annual net profit  
14 of greater than per cent; and

15 (6) For qualified producers of goat products, per cent  
16 of feed expenses; provided that the amount of  
17 reimbursement shall not result in an annual net profit  
18 of greater than per cent.

19 **§ -3 Grants; conditions and qualifications. (a)**

20 Applications for grants by qualified producers shall be  
21 submitted on a form furnished by the department and shall be



1 filed with accompanying documentation of animal feed costs;  
2 provided that:

3 (1) The applicant shall comply with applicable federal and  
4 state laws prohibiting discrimination against any  
5 person on the basis of race, color, national origin,  
6 religion, creed, sex, age, sexual orientation, or  
7 disability;

8 (2) The applicant shall have applied for or received all  
9 applicable licenses or permits;

10 (3) The applicant shall indemnify and hold harmless the  
11 State and its officers, agents, and employees from all  
12 claims arising out of or resulting from the feed  
13 purchased;

14 (4) The subsidy shall not be allowed within a fiscal  
15 quarter if the flock or herd size falls per  
16 cent or more below the required minimum three thousand  
17 birds, minimum three hundred fifty cows, minimum fifty  
18 sows, or minimum 450 head of cattle in any two months  
19 of the applicable fiscal quarter; and

20 (5) The department may request an applicant to provide  
21 necessary information for the purposes of verifying  
22 flock or herd size and feed purchases.



1 (b) Documentation of animal feed costs, as requested by  
2 the department, shall be filed for feed purchased within the  
3 immediate preceding fiscal quarter of filing and shall be  
4 effective for feed costs incurred after July 1, 2007.

5 (c) Funds shall be disbursed upon approval by the  
6 department and limited to only the feed fed to the qualifying  
7 flock or herd, and not applicable to feed purchases for resale  
8 or gift.

9 **§ -4 Exemption from chapter 42F.** Chapter 42F shall not  
10 apply to the grants made pursuant to this chapter, but all  
11 reimbursements shall be made only in accordance with the  
12 standards and conditions specified in section -3.

13 **§ -5 Exemption from chapter 91.** The department shall  
14 establish procedures exempt from chapter 91 to effectuate the  
15 purposes of this chapter."

16 SECTION 3. There is appropriated out of the general  
17 revenues of the State of Hawaii the sum of \$6,300,000 or so much  
18 thereof as may be necessary for fiscal year 2007-2008, and the  
19 same sum, or so much thereof as may be necessary for fiscal year  
20 2008-2009, for the agricultural development division of the  
21 department of agriculture to disburse funds to qualified  
22 producers of milk, pork, poultry products, beef, sheep products,



1 and goat products for the cost of feed for beef cattle, dairy  
2 cows, sows, poultry, sheep, or goats, and to provide for the  
3 administrative costs of the livestock revitalization program;  
4 provided that the sums appropriated shall lapse on December 31,  
5 2009.

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

8 SECTION 4. This Act shall take effect upon its approval;  
9 provided that section 3 of this Act shall take effect on July 1,  
10 2007.





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S.D. 3  
H.D. 1

**Report Title:**

Livestock Revitalization Program; Livestock Feed; Agriculture

**Description:**

Establishes a livestock revitalization program. (SB1307 HD1)

SB1307 HD1 HMS 2007-3210

