
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 eight poultry farms of
5 significant size, with combined gross annual revenues of over
6 \$26.4 million. Within the past year, two poultry farms and one
7 dairy farm have gone out of business due to production cost
8 increases largely attributed to the rising cost of feed for
9 livestock animals. Currently, another dairy farm and another
10 poultry farm are threatened by closure. Such closures increase
11 dependence on imported foods and threaten the State's food
12 security and ability to achieve levels 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 in Hawaii will no longer have the option of
18 selecting fresher, locally produced milk, eggs, or chicken. The



1 public has often expressed interest in obtaining locally
2 produced milk but unfortunately, the dairies do not produce
3 enough to meet the public demand. The public has expressed
4 similar interest for island fresh chickens and eggs.

5 The purpose of this Act is to create a dairy and poultry
6 farm revitalization and food security program to administer and
7 disburse funds to qualified dairy and poultry farms that apply
8 for and receive, if properly documented, a reimbursement for up
9 to sixty per cent of each farm's feed expenses. Feed expenses
10 shall not include the cost of transportation to Hawaii. The
11 maximum amount of feed expenses for each farm shall not exceed
12 sixty per cent of poultry feed expenditures for poultry feed and
13 forty per cent of dairy feed expenditures incurred. With
14 financial support, the dairy and poultry industries will be able
15 to make investments in modern equipment, expand and improve
16 their herds and flocks, and develop new markets and products.
17 This financial support will serve a public purpose by enabling
18 the dairy and poultry industries to stabilize their operations,
19 thus contributing to food security, and make them more
20 competitive with mainland suppliers in the future.

21 Milk and eggs provide essential nutritional needs to
22 consumers. The perishability of these food products make these



1 products susceptible to spoilage, which can cause food-borne
 2 illnesses to the consuming public. Without these local
 3 industries, all milk and eggs would need to be imported into the
 4 state, incurring up to ten days of shipping before being offered
 5 to the consumers. Increased shipping time decreases the
 6 expected shelf life of fresh milk and eggs.

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

10 **"CHAPTER**

11 **DAIRY AND POULTRY REVITALIZATION PROGRAM**

12 **§ -1 Definitions.** As used in this chapter unless the
 13 context otherwise requires:

14 "Administrative costs" means costs associated with
 15 reviewing, approving, and recording expenditures and completing
 16 any reporting requirements associated with the grant program.

17 "Administrative costs" shall not exceed .3 per cent of the total
 18 amount disbursed in any year within the two-year period.

19 "Department" means the department of agriculture.

20 "Qualified producer" means any person that, at the time of
 21 application for and disbursement of funds under this chapter, is
 22 in the business of producing milk from a herd located in Hawaii



1 of not fewer than three hundred fifty cows; or producing eggs,
2 or chickens for egg production or consumption, from a flock
3 located in Hawaii of not fewer than three-thousand birds.

4 "Eggs" means chicken eggs, uncooked in shell.

5 "Milk" means the lacteal secretion, practically free from
6 colostrums, obtained by the milking of healthy cows normally
7 produced or marketed through the channels of the fluid milk
8 trade.

9 **§ -2 Grants; conditions and qualifications.** (a)

10 Applications for grants by qualified producers shall be
11 submitted on a form furnished by the department and shall be
12 filed with accompanying documentation of animal feed costs;
13 provided that:

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

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

21 (3) The applicant shall indemnify and save harmless the
22 State and its officers, agents, and employees from and



1 against any and all claims arising out of or resulting
2 from the feed purchased;

3 (4) The subsidy shall not be allowed for a year in which, in
4 any three months of the year, the flock or herd size
5 falls below five per cent or more of the required
6 minimum three thousand birds or minimum three hundred
7 fifty cows; and

8 (5) The department may, as deemed necessary, request an
9 applicant to provide necessary information for the
10 purposes of verifying flock or herd size and feed
11 purchases.

12 (b) The applicant shall submit an annual financial
13 statement of farm income and expenses incurred and other
14 supporting documents as deemed necessary by the department which
15 shall be filed with the department within ninety days following
16 the close of the business's fiscal year after the effective date
17 of this Act.

18 (c) Funds shall be disbursed, upon approval by the
19 department, to a qualified producer for up to sixty per cent of
20 the feed costs incurred for poultry and egg production, and up
21 to forty per cent of the feed costs incurred for milk
22 production; provided that feed costs shall be limited to only



1 the feed fed to the qualifying flock or herd and shall not
2 include feed purchases for resale or gift. In no case shall
3 funds be disbursed to a qualified producer when, after
4 evaluation and verification by the department, the annual
5 financial statement indicates a net profit of more than twelve
6 per cent.

7 **§ -3 Exemption from chapter 42F.** The provisions of
8 chapter 42F shall not apply to grants made pursuant to this
9 chapter. All reimbursements shall be made only in accordance
10 with the standards and conditions specified in section -2."

11 SECTION 3. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$3,300,000 or so much
13 thereof as may be necessary for fiscal year 2007-2008 and the
14 sum of \$3,300,000 or so much thereof as may be necessary for
15 fiscal year 2008-2009 to be disbursed to qualified producers of
16 milk, eggs, or chickens for the cost of feed for dairy cows and
17 chickens and administrative costs under the dairy and poultry
18 revitalization program. Funds shall not lapse until December
19 31, 2009.

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

22 SECTION 4. This Act shall take effect on July 1, 2007.



Report Title:

Dairy and Poultry Revitalization Program; Feed Costs

Description:

Creates a dairy and poultry farm revitalization and food security program. Appropriates \$3.3 million in each year of the fiscal biennium for the program. (HB1221 HD1)

