
A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

1 PART I

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 feed developers for the
5 costs of feed development;

6 (3) Appropriate funds to assist feed developers in the
7 planning and construction of feed mills situated in
8 the State of Hawaii; and

9 (4) Require and fund the department of agriculture to
10 conduct a survey to identify, assess, and validate
11 locally sourced feed ingredients.

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

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

20 (1) The applicant shall comply with applicable federal and
21 state laws prohibiting discrimination against any



1 person on the basis of race, color, national origin,
2 religion, creed, sex, age, sexual orientation, or
3 disability;

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

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

9 (4) The applicant for the planning and construction of a
10 feed mill shall provide a completion bond and payment
11 bond adequate to cover the completion of the planned
12 feed mill, as determined by the department;

13 (5) Any grant for the planning and construction of a feed
14 mill:

15 (A) Shall not exceed \$750,000 per project; and

16 (B) Shall be disbursed as a dollar-for-dollar match
17 to other funding pledged to or deposited with the
18 feed mill developer solely for the planning and
19 construction of the feed mill;

20 (6) The grant shall not exceed a total of \$200,000 per
21 qualified feed developer per year; and



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

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

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

20 (d) Funds shall be disbursed upon approval by the
21 department to the qualified feed developer for up to fifty per



1 cent of the cost of goods sold, as verified by a certified
2 public accountant.

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

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

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

14 "Qualified feed developer" means any person that, at the
15 time of application for and disbursement of funds under this
16 chapter, is in the business of cultivating feed crops or
17 manufacturing feed for qualified producers."

18 SECTION 4. There is appropriated out of the general
19 revenues of the State of Hawaii the sum of \$ or so
20 much thereof as may be necessary for fiscal year 2015-2016 and
21 the same sum or so much thereof as may be necessary for fiscal



1 year 2016-2017 to reimburse qualified feed developers for the
2 costs of development of feed for sale to qualified producers;
3 provided that of the sum appropriated, the department of
4 agriculture may expend up to \$15,000 to administer and operate
5 the qualified feed developer grant program pursuant to section
6 155D- , Hawaii Revised Statutes, including support services and
7 general administrative overhead.

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

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

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

20 SECTION 6. The appropriation made for the purpose
21 authorized under section 4 of this Act shall not lapse at the



1 end of the fiscal year for which the appropriation is made;
2 provided that any balance of any appropriation that is not
3 encumbered as of June 30, 2017, shall lapse as of that date.

4 PART II

5 SECTION 7. The legislature finds that mankind has
6 cultivated hemp as a source of food and fiber for thousands of
7 years. Modern production methods have utilized hemp's oilseed
8 to make high-grade food and beauty products. The stalks produce
9 fiber and cellulose for everything from automotive parts and
10 fine clothing to building materials and fuel.

11 The legislature further finds that according to estimates
12 by the Hemp Industries Association, retail sales of industrial
13 hemp products in the United States have grown steadily since
14 1990 to more than \$580,000,000 annually in 2013. California
15 manufacturers of hemp products currently import tens of
16 thousands of acres' worth of hemp seed, oil, and fiber products
17 from around the world that could be produced by American farmers
18 at a more competitive price. Additionally, the intermediate
19 processing of hemp seed, oil, food ingredients, and fiber could
20 create jobs in close proximity to the fields of cultivation.



1 The legislature further finds that support for industrial
2 hemp farming is occurring at the national level. California,
3 Colorado, Delaware, Hawaii, Illinois, Indiana, Kentucky, Maine,
4 Montana, Nebraska, North Dakota, Oregon, South Carolina,
5 Tennessee, Utah, Vermont, Washington, and West Virginia have
6 defined industrial hemp as a distinct agricultural crop and
7 removed barriers to its production. Furthermore, President
8 Obama signed the 2014 Farm Bill into law, which authorizes
9 industrial hemp research and pilot programs in states that
10 regulate hemp farming under the authority of the state
11 department of agriculture. Farmers and universities in
12 Colorado, Kentucky, and Vermont have already planted hemp crops
13 to conduct pilot programs after registering with their state
14 department of agriculture.

15 The purpose of this part is to authorize industrial hemp to
16 be grown for purposes of research conducted under an
17 agricultural pilot program or other agricultural or academic
18 research by an institution of higher education or by others
19 acting under specific agreement with and under the authority of
20 the Hawaii department of agriculture.



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

4 "PART II. INDUSTRIAL HEMP

5 §141- Definitions. As used in this part:

6 "Board" means the board of agriculture.

7 "Chairperson" means the chairperson of the board of
8 agriculture.

9 "Industrial hemp" means the plant *Cannabis sativa* L. and
10 any part of such plant, whether growing or not, with a delta-9
11 tetrahydrocannabinol concentration of not more than 0.3 per cent
12 on a dry weight basis, that is cultivated in connection with an
13 institution of higher education, a registered seed breeder, or
14 an approved seed cultivar as authorized by this part.

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

18 "Registered seed breeder" means an individual or public or
19 private institution or organization that is registered with the
20 chairperson to develop seed cultivars intended for sale or
21 research.



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

2 "Seed development plan" means a strategy devised by a
3 registered seed breeder, or applicant seed breeder, detailing
4 the breeder's planned approach to growing and developing a new
5 seed cultivar for industrial hemp.

6 §141- Growing of industrial hemp for research purposes;

7 registration. (a) Except when grown by an institution of
8 higher education or by a registered seed breeder developing a
9 new Hawaii seed cultivar, industrial hemp shall be grown only if
10 it is on the list of approved seed cultivars. The board may
11 from time to time add or remove any seed cultivar from the list.

12 (b) The list of approved seed cultivars shall include the
13 following:

14 (1) Industrial hemp seed cultivars that have been
15 certified by the Organisation for Economic Co-
16 operation and Development; and

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

19 (c) Before cultivation, a grower of industrial hemp shall
20 register with the board to engage in industrial hemp cultivation
21 and request that the board certify the site where the hemp will



1 be grown. The application for registration shall include the
2 following information:

3 (1) The name, business address, and mailing address of the
4 applicant;

5 (2) The legal description, global positioning system
6 coordinates, and map of the land area on which the
7 applicant plans to engage in industrial hemp
8 cultivation or storage; and

9 (3) The approved seed cultivar to be grown and whether the
10 seed cultivar will be grown for its grain or fiber, or
11 as a dual purpose crop.

12 The application shall be accompanied by a registration fee,
13 to be established by rules of the board, which shall be used to
14 cover the costs of implementing, administering, and enforcing
15 this part. The registration shall be valid for two years, after
16 which the registrant shall renew the registration and pay the
17 renewal fee, to be established by rules of the board.

18 (d) If the chairperson determines that the requirements
19 for registration pursuant to this section are satisfied, the
20 chairperson shall issue a registration to the applicant.



1 (e) A registrant that wishes to alter the land area on
2 which the registrant conducts industrial hemp cultivation or
3 storage shall, before altering the area, submit to the
4 chairperson an updated legal description, global positioning
5 system coordinates, and map specifying the proposed alteration.
6 If the chairperson receives and approves the updated
7 information, the chairperson shall notify the registrant in
8 writing that the registrant may cultivate industrial hemp on the
9 altered land area.

10 (f) A registrant that wishes to change the seed cultivar
11 grown shall submit to the chairperson the name of the new,
12 approved seed cultivar to be grown. If the chairperson receives
13 and approves the change to the registration, the chairperson
14 shall notify the registrant in writing that the registrant may
15 cultivate the new seed cultivar.

16 §141- Cultivation by established agricultural research
17 institutions. Institutions of higher education may cultivate or
18 possess industrial hemp with a laboratory test report that
19 indicates a percentage content of tetrahydrocannabinol that is
20 greater than 0.3 per cent if that cultivation or possession
21 contributes to the development of types of industrial hemp that



1 does not have a percentage content of tetrahydrocannabinol that
2 is greater than 0.3 per cent.

3 **§141- Prohibited activities.** The possession outside of
4 a field of lawful cultivation of resin, flowering tops, or
5 leaves that have been removed from the hemp plant shall be
6 prohibited; provided that the presence of a de minimis amount,
7 or insignificant number, of hemp leaves or flowering tops in
8 hemp bales that result from the normal and appropriate
9 processing of industrial hemp shall not constitute possession of
10 marijuana.

11 **§141- Rulemaking.** The board shall adopt rules pursuant
12 to chapter 91 necessary for the purposes of this part. The
13 board may contract with private growers to conduct research and
14 pilot programs as allowed under section 7606 of the Farm Bill of
15 2014. The board may apply for a registration with the United
16 States Drug Enforcement Administration to import certified hemp
17 seed for distribution to registered growers who have a written
18 agreement with the board outlining the research they will be
19 conducting."



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

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

7 "§712- Industrial hemp. The possession, cultivation,
8 sale, receipt, or transfer of industrial hemp as authorized
9 under part II of chapter 141 shall not constitute an offense
10 under this part."

11 SECTION 11. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$ or so
13 much thereof as may be necessary for fiscal year 2015-2016 and
14 the same sum or so much thereof as may be necessary for fiscal
15 year 2016-2017 for the establishment of one full-time equivalent
16 (1.00 FTE) position in the department of agriculture to
17 effectuate this part.

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

20 SECTION 12. New statutory material is underscored.

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



Report Title:

Qualified 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 feed developers. Appropriates funds for the feed developer grant program, reimbursements to 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.
(Proposed SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

