# A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

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#### PART I

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

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 research, development, and production of local feedstock. The 17 department of agriculture has initiated a feed development



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process to identify, assess, and validate available local feed
 ingredients.

- 3 The purpose of this part is to:
- 4 (1) Make a housekeeping amendment to harmonize a qualified
  5 feed developer grant program requirement and a
  6 qualified producer grant program requirement;
- 7 (2) Appropriate funds to reimburse qualified producers of
  8 certain products for their cost of feed; and
- 9 (3) Appropriate funds to reimburse feed developers and
  10 researchers for the costs of feed development and
- 11 research.

SECTION 2. Section 155D-2.5, Hawaii Revised Statutes, is
amended by amending subsection (b) to read as follows:

14 "(b) Documentation of animal feed development costs, as 15 requested by the department, shall be filed for feed sold to 16 qualified producers within the immediately preceding fiscal 17 quarter of the filing [and shall be effective for feed

18 development costs incurred after July 1, 2016]."

19 SECTION 3. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$ or so much
21 thereof as may be necessary for fiscal year 2017-2018 for the



1	livestock	revitalization program of the department of	
2	agriculture that shall be allocated as follows:		
3	(1)	<pre>\$ to reimburse qualified producers of milk,</pre>	
4		pork, eggs, poultry, beef, sheep, lamb, goats, and	
5		seafood, for the cost of feed for beef cattle, dairy	
6		cows or milking goats, goats raised for meat, sheep,	
7		hogs, fish, crustaceans, and poultry; and	
8	(2)	\$ to reimburse qualified feed developers and	
9		researchers for the costs of development and research	
10		of feed for sale to qualified producers; provided that	
11		of the sum appropriated, the department of agriculture	
12		may expend up to \$ to administer and operate	
13		the qualified feed developer grant program pursuant to	
14		section 155D-2.5, Hawaii Revised Statutes, including	
15		support services and general administrative overhead.	
16	The	sum appropriated shall be expended by the department of	
17	agriculture for the purposes of this part.		
18		PART II	
19	SECT	ION 4. The legislature finds that over the last	
20	several d	ecades, the State and the private sector have searched	

21 for ways to reduce or eliminate food and solid waste products,



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1 as well as construction waste and recycling materials. The 2 agribusiness development corporation is currently involved in a 3 public-private partnership to develop a zero waste conversion process on the island of Hawaii converting papaya waste into 4 fuel and animal feed. The zero waste process utilizes every 5 stage of the papaya plant, from seed to fruit, to reduce the 6 7 amount of food waste that is delivered to landfills while producing renewable bioenergy fuel. 8

The legislature further finds that livestock feed costs for 9 feed shipped to Hawaii for local agriculturalists and 10 aquaculturalists often exceed sixty per cent of overall 11 livestock production costs in Hawaii. The agribusiness 12 development corporation seeks to broaden its waste-reduction and 13 recycling projects by partnering with a viable and qualified 14 entity to establish a livestock feed mill operation using waste 15 16 materials, such as unusable macadamia nut fruit and shells, and 17 converting those otherwise unusable parts and byproducts into aguaculture and livestock feed. This process has shown great 18 promise in farm trials. The agribusiness development 19 corporation will assist with the development of the plans and 20 design of the operation, and will purchase the equipment to 21

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convert and process the waste materials. The project partner
 will be required to have adequate warehouse space to house the
 equipment and be required to provide the labor for the
 manufacture and sale of the resulting product.

5 The purpose of this part is to further the State's goals of 6 reducing waste, reducing livestock production costs, and 7 producing livestock feed within the State to enable agriculture 8 and aquaculture operations in the State to thrive by funding the 9 planning, designing, and construction of a livestock feed mill.

SECTION 5. The director of finance is authorized to issue general obligation bonds in the sum of \$ or so much thereof as may be necessary and the same sum or so much thereof as may be necessary is appropriated for fiscal year 2017-2018 for the purpose of planning, designing, and purchasing a livestock feed mill.

16 SECTION 6. The appropriation made for the capital 17 improvement project authorized by this Act shall not lapse at 18 the end of the fiscal biennium for which the appropriation is 19 made; provided that all moneys from the appropriation 20 unencumbered as of June 30, 2020, shall lapse as of that date.

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1		PART III
2	SECTION 7.	Statutory material to be repealed is bracketed
3	and stricken.	
4	SECTION 8.	This Act shall take effect on July 31, 2150.

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#### Report Title:

Department of Agriculture; Qualified Feed Developer Grants; Livestock Revitalization Program; Appropriation; GO Bonds

#### Description:

Makes housekeeping amendment to the Livestock Revitalization Program. Appropriates funds to the Department of Agriculture for the feed developer grant program and reimbursements to qualified producers for feed costs. Authorizes GO bonds for the planning, designing, and purchasing of a livestock feed mill. (SB612 HD1)

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