

JAN 17 2025

A BILL FOR AN ACT

RELATING TO AGRICULTURAL SUPPORT.

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

1 SECTION 1. The legislature finds that Hawaii's geographic
2 isolation presents unique challenges for farmers, ranchers, and
3 local food producers, particularly in the form of high
4 transportation costs. Located thousands of miles from the
5 mainland United States, Hawaii relies heavily on shipping for
6 the import and export of goods, significantly increasing the
7 cost of transporting agricultural inputs such as feed,
8 fertilizer, and equipment, as well as the export of locally
9 grown and produced products. According to a 2020 survey by the
10 department of agriculture, thirty-nine per cent of farmers,
11 ranchers, and allied operators identified shipping costs as a
12 significant barrier to expanding their operations, particularly
13 on Maui, Kauai, and Hawaii Island. This suggests that
14 transportation expenses have been a persistent concern for the
15 State's agricultural sector.

16 The legislature further finds that the United States
17 Department of Agriculture's Reimbursement Transportation Cost



1 Payment Program (RTCP) has successfully supported geographically
2 disadvantaged farmers and ranchers by offsetting high
3 transportation costs, enabling them to maintain competitiveness
4 in the marketplace. In 2022, the RTCP provided \$3,000,000 in
5 reimbursements, with increased funding in 2023 helping more
6 producers access essential resources, expand their operations,
7 and contribute to the resilience of rural and remote
8 agricultural communities.

9 The legislature additionally finds that establishing a
10 state-level program like the RTCP in the State would alleviate
11 the high transportation costs faced by local farmers, ranchers,
12 and food producers, enabling them to operate more sustainably
13 and remain competitive in local and export markets. According
14 to the United States Department of Agriculture's latest
15 agricultural census, Hawaii has approximately seven thousand
16 farms. Although not all farms may qualify under the United
17 States Department of Agriculture's "geographically
18 disadvantaged" criteria, a significant proportion likely would
19 qualify at the state level. Establishing a state program like
20 the RTCP would support Hawaii's efforts to bolster food security
21 and reduce dependence on imported goods, aligning with



1 supporting the State's sustainability goals. Additionally, such
2 a program would stimulate economic growth by allowing producers
3 to reinvest savings into expanding operations, creating jobs,
4 and enhancing the overall resilience of the State's agricultural
5 sector and rural communities.

6 Therefore, the purpose of this Act is to support the
7 agriculture industry and economic growth in Hawaii by:

8 (1) Establishing the Hawaii agricultural transportation
9 assistance program, to consist of a reimbursement
10 program for geographically disadvantaged farmers and
11 livestock producers to mitigate the high costs of
12 transportation for agricultural products, inputs, and
13 supplies, and a grant program to assist small-scale
14 farmers, ranchers, and agricultural producers or
15 agricultural producers in rural or underserved areas
16 with transportation costs directly related to the
17 production and distribution of agricultural
18 commodities; and

19 (2) Requiring the department of agriculture to submit
20 annual reports to the legislature on the progress and
21 outcomes of the programs.



1 SECTION 2. 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 . HAWAII AGRICULTURAL TRANSPORTATION ASSISTANCE
5 PROGRAM

6 §141-A Definitions. As used in this part:

7 "Department" means the department of agriculture.

8 "Eligible transportation costs" means expenses incurred for
9 the intra-island, inter-island, and out-of-state transportation
10 of agricultural products, inputs, and supplies, including but
11 not limited to:

- 12 (1) Fertilizers, seeds, and other agricultural inputs;
- 13 (2) Equipment and machinery;
- 14 (3) Livestock and feed; and
- 15 (4) Finished agricultural goods to same-island, inter-
16 island, national, or international markets.

17 "Geographically disadvantaged farmer or livestock producer"
18 means a farmer or livestock producer located and operating in
19 the State who incurs transportation costs in excess of
20 \$ as a result of the State's isolated geographical
21 location.



1 **§141-B Hawaii agricultural transportation assistance**
2 **program; established.** (a) There is established in the
3 department a Hawaii agricultural transportation assistance
4 program, which shall consist of:

- 5 (1) The agricultural transportation reimbursement program;
- 6 and
- 7 (2) The agricultural transportation grant program.

8 **§141-C Agricultural transportation reimbursement program;**
9 **established.** (a) There is established within the department,
10 as part of the Hawaii agricultural transportation assistance
11 program, the agricultural transportation reimbursement program,
12 which shall provide reimbursements for the eligible
13 transportation costs of geographically disadvantaged farmers or
14 livestock producers.

15 (b) Reimbursement rates for the agricultural
16 transportation reimbursement program shall be determined by the
17 department and may vary based on the type of agricultural
18 product, input, or supply transported.

19 (c) Reimbursements shall not exceed \$8,000 for a single
20 applicant in a single year.

21 (d) To be eligible for reimbursement, the applicant shall:



- 1 (1) Be an individual, corporation, or organization
- 2 domiciled in the State;
- 3 (2) Provide documentation demonstrating that the costs
- 4 incurred were eligible transportation costs; and
- 5 (3) Provide documentation of expenses, including invoices,
- 6 receipts, or any other required supporting documents.
- 7 (e) The department shall prepare any forms necessary to
- 8 meet the requirements of this section.
- 9 (f) The department shall publish on its website the
- 10 reimbursement rate schedule as well as any forms required by the
- 11 department for application for reimbursement.

12 **§141-D Agricultural transportation grant program;**

13 **established.** (a) There is established within the department,
14 as part of the Hawaii agricultural transportation assistance
15 program, the agricultural transportation grant program, which
16 shall provide grants to assist small-scale farmers, ranchers,
17 and agricultural producers or agricultural producers in rural or
18 underserved areas with transportation costs directly related to
19 the production and distribution of agricultural commodities.

20 (b) The program shall provide grants to subsidize
21 transportation costs for the movement of raw or processed



1 agricultural products, agricultural inputs, and agricultural
2 equipment within the State or to and from markets, ports, or
3 other destinations necessary for the applicant's agricultural
4 operations.

5 (c) The department shall develop standards, policies, and
6 procedures for the administration of the agricultural
7 transportation grant program.

8 (d) Requests for grants shall be submitted to the
9 department in accordance with administrative rules adopted by
10 the department to administer the grant program. Each request
11 shall, at a minimum, state:

12 (1) The name of the farmer, rancher, or agricultural
13 producer requesting grant funds;

14 (2) The expenses that are necessary for the farmer,
15 rancher, or agricultural producer to transport raw or
16 processed agricultural products, agricultural inputs,
17 and agricultural equipment within the State or to and
18 from markets, ports, or other destinations necessary
19 for the applicant's agricultural operation; and



1 (3) The size and location of the farmer's, rancher's, or
2 agricultural producer's farm, ranch, or agricultural
3 operation.

4 (e) Each applicant for a grant shall provide proof that
5 the applicant:

6 (1) Has United State citizenship or permanent United
7 States resident alien status and is a resident or
8 domiciliary of the State at the time of application;

9 (2) Grows or produces raw or processed agricultural
10 products in the State at the time of the application;

11 (3) Complies with all other federal, state, or county
12 statutes, rules, or ordinances necessary to conduct
13 the activities or provide the services for which a
14 grant is awarded;

15 (4) Complies with all applicable federal and state laws
16 prohibiting discrimination against a person on the
17 basis of race, color, national origin, religion,
18 creed, sex, age, sexual orientation, or disability;

19 (5) Agrees not to use state funds for entertainment or
20 lobbying activities;



- 1 (6) Allows the department, legislative committees and
- 2 their staff, and the auditor full access to the
- 3 applicant's records, reports, files, and other related
- 4 documents and information for the purposes of
- 5 monitoring, measuring the effectiveness of, and
- 6 ensuring the proper expenditure of the grant;
- 7 (7) Satisfies any other standards that may be required by
- 8 the source of funding; and
- 9 (8) Meets all other standards prescribed in rules adopted
- 10 by the department to implement the grants awarded
- 11 under this section.
- 12 (f) The department shall prepare any forms necessary to
- 13 meet the requirements of this section.

14 **§141-E Hawaii agricultural transportation assistance**

15 **special fund; established.** (a) There is established within the

16 state treasury a Hawaii agricultural transportation assistance

17 special fund, to be administered by the department, into which

18 shall be deposited the following moneys:

- 19 (1) Appropriations by the legislature to the special fund;
- 20 (2) Federal funds received for purposes aligned with the
- 21 goals of this part;



1 (3) Private contributions, grants, or donations; and

2 (4) Revenues regardless of their source.

3 (b) Moneys in the fund shall be used for the agricultural
4 transportation reimbursement program established pursuant to
5 section 141-C and the agricultural transportation grant program
6 established pursuant to section 141-D. Expenditures from the
7 fund may be made by the department without appropriation or
8 allotment.

9 (c) The department shall submit an annual report to the
10 legislature no later than twenty days prior to the convening of
11 the regular session of each regular session on the sources of
12 moneys deposited into the fund and expenditures of moneys from
13 the fund.

14 **§141-F Rulemaking.** The department shall adopt rules
15 pursuant to chapter 91 necessary for the purposes of this part.

16 **§141-G Report to the legislature.** The department shall
17 submit a report to the legislature no later than twenty days
18 prior to the convening of each regular session that shall
19 include:

20 (1) The number of participants in the agricultural
21 transportation reimbursement program and the total



1 number and amount of reimbursements distributed, with
2 a breakdown of inter-island and out-of-state
3 transportation costs;

4 (2) The number of participants in the agricultural
5 transportation grant program and the total number and
6 amount of grants distributed, with a breakdown of
7 inter-island and out-of-state transportation costs;

8 (3) Assessment of the impact of the agricultural
9 transportation reimbursement program and agricultural
10 transportation grant program on agricultural
11 productivity and competitiveness;

12 (4) The outcomes of the agricultural transportation
13 reimbursement program and agricultural transportation
14 grant program, including an evaluation of the
15 effectiveness of the programs in achieving their
16 goals; and

17 (5) Any other findings and recommendations, including
18 proposed legislation."

19 SECTION 3. The department of agriculture shall submit a
20 report to the legislature no later than twenty days prior to the



1 convening of the regular sessions of 2026 and 2027, which shall
2 include:

3 (1) A summary of the progress of the agricultural
4 transportation reimbursement program and agricultural
5 transportation grant program, including:

- 6 (A) Number of participants in each program;
- 7 (B) Total reimbursements and grants distributed, with
8 a breakdown of inter-island and out-of-state
9 transportation costs; and
- 10 (C) Impact assessments on agricultural productivity
11 and competitiveness as a result of the programs;

12 (2) The outcomes of the agricultural transportation
13 reimbursement program and agricultural transportation
14 grant program, including an assessment of the
15 programs' effectiveness in achieving their goals; and

16 (3) Any other findings and recommendations, including
17 proposed legislation.

18 SECTION 4. In codifying the new sections added by section
19 2 of this Act, the revisor of statutes shall substitute
20 appropriate section numbers for the letters used in designating
21 the new sections in this Act.



1 SECTION 5. This Act shall take effect on July 1, 2025.

2

INTRODUCED BY: *Mike Gilliland*



S.B. NO. 1184

Report Title:

Hawaii Agricultural Transportation Assistance Program;
Reimbursement Program; Grant Program; Report

Description:

Establishes within the Department of Agriculture the Hawaii Agricultural Transportation Assistance Program, to consist of a reimbursement program and grant program, to assist certain farmers and livestock producers with transportation costs for agricultural products, inputs, supplies, and production and distribution of agricultural commodities. Requires reports to the Legislature.

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

