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

4           "§141-    Agricultural development and food security  
5 special fund; establishment. (a) There is established within  
6 the state treasury the agricultural development and food  
7 security special fund.

8           (b) The following moneys shall be deposited into the  
9 special fund:

10           (1) The portion of the environmental response, energy, and  
11 food security tax specified under section 243-3.5;

12           (2) Any appropriation by the legislature into the special  
13 fund;

14           (3) Any grant or donation made to the special fund; and

15           (4) Any interest earned on the balance of the special  
16 fund.



1        (c) Subject to legislative appropriation, moneys in the  
2 special fund may be expended for the following purposes:

3        (1) The awarding of grants to farmers for agricultural  
4 production or processing activity;

5        (2) The acquisition of real property for agricultural  
6 production or processing activity;

7        (3) The improvement of real property, dams, reservoirs,  
8 irrigation systems, and transportation networks  
9 necessary to promote agricultural production or  
10 processing activity, including investigative studies  
11 to identify and assess necessary improvements to dams,  
12 reservoirs, irrigation systems, and transportation  
13 networks;

14       (4) The purchase of equipment necessary for agricultural  
15 production or processing activity;

16       (5) The conduct of research on and testing of agricultural  
17 products and markets;

18       (6) The funding of agricultural inspector positions within  
19 the department of agriculture;

20       (7) The promotion and marketing of agricultural products  
21 grown or raised in the State;



- 1       (8) Water quality testing and improvement;
- 2       (9) Any other activity intended to increase agricultural
- 3       production or processing that may lead to reduced
- 4       importation of food, fodder, or feed from outside the
- 5       State; and
- 6       (10) The procurement of locally produced agricultural
- 7       products during federally declared disasters or state
- 8       emergencies to address food insecurity and stabilize
- 9       agricultural markets.
- 10       (d) The applications for grants awarded under subsection
- 11       (c) (1) shall be submitted to the department of agriculture and
- 12       contain the information required by rules adopted thereunder.
- 13       At a minimum, the applicant shall:
- 14       (1) Be licensed or accredited, in accordance with federal,
- 15       state, or county statutes, rules, or ordinances, to
- 16       conduct the activities or provide the services for
- 17       which a grant is awarded;
- 18       (2) Provide a detailed plan outlining the scope,
- 19       objectives, and projected impact of the project or
- 20       projects and a clear breakdown of how grant funds will
- 21       be used;



- 1       (3) Agree to use state funds exclusively for the purposes  
2       of agricultural production or processing activity;
- 3       (4) Indicate capability to properly use the grant for the  
4       purposes of agricultural production or processing  
5       activity;
- 6       (5) Comply with all applicable federal and state laws  
7       prohibiting discrimination against any person on the  
8       basis of race, color, national origin, religion,  
9       creed, sex, age, sexual orientation, disability, or  
10       any other characteristic protected under applicable  
11       federal or state law;
- 12       (6) Agree to not use state funds for purposes of  
13       entertainment or perquisites;
- 14       (7) Comply with other requirements as the department of  
15       agriculture may prescribe;
- 16       (8) Comply with all applicable federal, state, and county  
17       statutes, rules, and ordinances;
- 18       (9) Agree to indemnify and save harmless the State and its  
19       officers, agents, and employees from and against any  
20       and all claims arising out of or resulting from  
21       activities carried out or projects undertaken with



1 funds provided hereunder and procure sufficient  
2 insurance to provide this indemnification if requested  
3 to do so by the department of agriculture; and

4 (10) Agree to make available to the department of  
5 agriculture all records the applicant may have  
6 relating to the grant, to allow state agencies to  
7 monitor the applicant's compliance with this section.

8 (e) The department of agriculture shall submit a report to  
9 the legislature no later than twenty days prior to the convening  
10 of each regular session on the status and progress of existing  
11 programs and activities and the status of new programs and  
12 activities funded under the agricultural development and food  
13 security special fund. The report shall also include:

14 (1) The spending plan of the agricultural development and  
15 food security special fund;

16 (2) All expenditures of agricultural development and food  
17 security special fund moneys;

18 (3) The targeted markets of the expenditures, including  
19 the reason for selecting those markets;

20 (4) The persons to be served using the expenditures; and



1       (5) The specific objectives of the expenditures, including  
2            measurable outcomes."

3       SECTION 2. Section 243-3.5, Hawaii Revised Statutes, is  
4 amended by amending subsections (a) and (b) to read as follows:

5       "(a) In addition to any other taxes provided by law,  
6 subject to the exemptions set forth in section 243-7, there is  
7 hereby imposed a state environmental response, energy, and food  
8 security tax on each barrel or fractional part of a barrel of  
9 petroleum product sold by a distributor to any retail dealer or  
10 end user of petroleum product, other than a refiner. The tax  
11 shall be \$1.05 on each barrel or fractional part of a barrel of  
12 petroleum product that is not aviation fuel; provided that of  
13 the tax collected pursuant to this subsection:

14       (1) 5 cents of the tax on each barrel shall be deposited  
15            into the environmental response revolving fund  
16            established under section 128D-2;

17       (2) 4 cents of the tax on each barrel shall be deposited  
18            into the energy security special fund established  
19            under section 201-12.8;



1 (3) 5 cents of the tax on each barrel shall be deposited  
2 into the energy systems development special fund  
3 established under section 304A-2169.1;

4 (4) 3 cents of the tax on each barrel shall be deposited  
5 into the electric vehicle charging system subaccount  
6 established pursuant to section 269-33(e); ~~and~~

7 (5) 3 cents of the tax on each barrel shall be deposited  
8 into the hydrogen fueling system subaccount  
9 established pursuant to section 269-33(f) ~~[+]~~; and

10 (6)         cents of the tax on each barrel shall be  
11 deposited into the agricultural development and food  
12 security special fund established under  
13 section 141- .

14 The tax imposed by this subsection shall be paid by the  
15 distributor of the petroleum product.

16 (b) In addition to subsection (a), the tax shall also be  
17 imposed on each one million British thermal units of fossil fuel  
18 sold by a distributor to any retail dealer or end user, other  
19 than a refiner, of fossil fuel. The tax shall be 19 cents on  
20 each one million British thermal units of fossil fuel; provided  
21 that of the tax collected pursuant to this subsection:



- 1 (1) 4.8 per cent of the tax on each one million British  
2 thermal units shall be deposited into the  
3 environmental response revolving fund established  
4 under section 128D-2;
- 5 (2) 14.3 per cent of the tax on each one million British  
6 thermal units shall be deposited into the energy  
7 security special fund established under section  
8 201-12.8; [~~and~~]
- 9 (3) 9.5 per cent of the tax on each one million British  
10 thermal units shall be deposited into the energy  
11 systems development special fund established under  
12 section 304A-2169.1[~~-~~]; and
- 13 (4) \_\_\_\_\_ per cent of the tax on each million British  
14 thermal units shall be deposited into the agricultural  
15 development and food security special fund established  
16 under section 141- .

17 The tax imposed by this subsection shall be paid by the  
18 distributor of the fossil fuel."

19 SECTION 3. Statutory material to be repealed is bracketed  
20 and stricken. New statutory material is underscored.

21 SECTION 4. This Act shall take effect on July 1, 2050.



**Report Title:**

Department of Agriculture; Agricultural Development and Food Security Special Fund; Environmental Response, Energy, and Food Security Tax

**Description:**

Establishes the Agricultural Development and Food Security Special Fund. Requires a portion of the Environmental Response, Energy, and Food Security Tax to be deposited into the Special Fund. Effective 7/1/2050. (SD1)

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

