THE SENATE
THIRTY-THIRD LEGISLATURE, 2025
STATE OF HAWAII

S.B. NO. 1184

JAN 17 2025

A BILL FOR AN ACT

RELATING TO AGRICULTURAL SUPPORT.

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

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

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

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

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

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

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

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

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

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

"**PART . HAWAII AGRICULTURAL TRANSPORTATION ASSISTANCE PROGRAM**

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

"Department" means the department of agriculture.

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

(1) Fertilizers, seeds, and other agricultural inputs;

(2) Equipment and machinery;

(3) Livestock and feed; and

(4) Finished agricultural goods to same-island, inter-island, national, or international markets.

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

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

(1) The agricultural transportation reimbursement program; and

(2) The agricultural transportation grant program.

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

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

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

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

(1) Be an individual, corporation, or organization domiciled in the State;

(2) Provide documentation demonstrating that the costs incurred were eligible transportation costs; and

(3) Provide documentation of expenses, including invoices, receipts, or any other required supporting documents.

(e) The department shall prepare any forms necessary to meet the requirements of this section.

(f) The department shall publish on its website the reimbursement rate schedule as well as any forms required by the department for application for reimbursement.

§141-D Agricultural transportation grant program; established. (a) There is established within the department, as part of the Hawaii agricultural transportation assistance program, the agricultural transportation grant program, which shall provide grants to assist small-scale farmers, ranchers, and agricultural producers or agricultural producers in rural or underserved areas with transportation costs directly related to the production and distribution of agricultural commodities.

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) Allows the department, legislative committees and their staff, and the auditor full access to the applicant's records, reports, files, and other related documents and information for the purposes of monitoring, measuring the effectiveness of, and ensuring the proper expenditure of the grant;

(7) Satisfies any other standards that may be required by the source of funding; and

(8) Meets all other standards prescribed in rules adopted by the department to implement the grants awarded under this section.

(f) The department shall prepare any forms necessary to meet the requirements of this section.

§141-E Hawaii agricultural transportation assistance special fund; established. (a) There is established within the state treasury a Hawaii agricultural transportation assistance special fund, to be administered by the department, into which shall be deposited the following moneys:

(1) Appropriations by the legislature to the special fund;

(2) Federal funds received for purposes aligned with the goals of this part;

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

(4) Revenues regardless of their source.

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) Number of participants in each program;

(B) Total reimbursements and grants distributed, with a breakdown of inter-island and out-of-state transportation costs; and

(C) Impact assessments on agricultural productivity and competitiveness as a result of the programs;

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

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

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

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

INTRODUCED BY: _____

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.

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