

ACT 313

S.B. NO. 2218

A Bill for an Act Relating to a Food Hub Pilot Program.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that the State's food security may be strengthened by growing more food locally and increasing access to local food. This endeavor may be supported by establishing food hubs, which are centrally located facilities having a business management structure that facilitates aggregation, storage, processing, distribution, and marketing of locally produced food products. By actively coordinating these activities along the value chain, food hubs may provide wider access to institutional and retail markets for small- to mid-sized producers and increase consumer access to fresh healthy food, including those consumers in underserved areas and food deserts.

The legislature also finds that food hubs encounter financial obstacles when seeking to launch or expand their operations. Therefore, a funding source is needed to support the establishment and growth of food hubs on a scale that meets demand by state institutions such as schools, hospitals, and correctional facilities.

Accordingly, the purpose of this Act is to establish a five-year food hub pilot program under the department of agriculture and appropriate funds for the program.

SECTION 2. (a) There is established a five-year food hub pilot program, which shall be administered by the department of agriculture.

(b) The food hub pilot program shall:

- (1) Adopt the United States Department of Agriculture's working definition of "food hub", which means "a centrally located facility with a business management structure facilitating the aggregation, storage, processing, distribution, and/or marketing of locally/regionally produced food products"; and

- (2) Award grant funding to qualified applicants for the construction of critical infrastructure to establish and expand food hubs in each of the counties, including:
 - (A) Construction or improvement of facilities for aggregation, washing, minimal processing, packaging, cold storage, and other value-additions; and
 - (B) Provision of technical assistance to develop in-state capacity to supply state institutions and other markets.
- (c) The department of agriculture shall establish criteria for the award of initial start-up grant funding or subsequent expansion funding under the food hub pilot program, including the following provisions:
 - (1) Priority shall be given to organizations having demonstrated experience in aggregation, washing, minimal processing, packaging, cold storage, and other value-additions for delivering local produce to local markets;
 - (2) Qualifying applicants shall include corporations, limited liability companies, partnerships, sole proprietorships, non-profit organizations, and agricultural cooperatives that meet necessary insurance requirements and provide a certificate of vendor compliance with Hawaii compliance express;
 - (3) Applicants seeking to establish a new food hub where none currently exist shall first secure a physical location for the food hub and draft a detailed plan for the food hub's operation, including activities in which the applicant intends to engage, such as serving as a marketplace for buying and selling, or providing certified kitchen space in which multiple farmers may share use of facilities for value-added product development; and
 - (4) Applicants shall explain their intended actions to increase access to locally produced food.
- (d) The department of agriculture shall require that the receipt of grant funding pursuant to the food hub pilot program be conditioned upon the recipient's compliance with all applicable state and federal food safety laws, rules, and regulations, including the FDA Food Safety Modernization Act, P.L. 111-353, and that Act's provisions on supplier verification.
- (e) The department of agriculture shall adopt rules pursuant to chapter 91, Hawaii Revised Statutes, for the administration and operation of the food hub pilot program.
- (f) The food hub pilot program under this section shall terminate on June 30, 2027.

SECTION 3. (a) The department of agriculture shall submit interim reports on:

- (1) The department's progress in implementing this Act;
- (2) Preliminary results of the food hub pilot program; and
- (3) The department's findings and recommendations, including any proposed legislation,

to the legislature no later than twenty days prior to the convening of the regular sessions of 2023, 2024, 2025, and 2026.

(b) The department of agriculture shall submit a final report of its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2027. The report shall include the results of the food hub pilot program and a recommendation as to whether the program should be made permanent, with or without modifications.

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$1,500,000 or so much thereof as may be necessary for fiscal year 2022-2023 for the establishment of a five-year food hub pilot program, including the awarding of grant moneys to qualifying food hubs.

The sum appropriated shall be expended by the department of agriculture for the purposes of this Act.

SECTION 5. This Act shall take effect on July 1, 2022.

(Became law on July 12, 2022, without the Governor's signature, pursuant to Art. III, §16, State Constitution.)