

Honolulu, Hawaii

FEB 17, 2006

RE: H.B. No. 2178

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred H.B. No. 2178 entitled:

"A BILL FOR AN ACT RELATING TO SPECIAL PURPOSE REVENUE BONDS,"

begs leave to report as follows:

The purpose of this bill is to allow the Department of Budget and Finance (B&F) to issue special purpose revenue bonds to assist agricultural enterprises that directly benefit and serve important agricultural lands.

The Department of Agriculture, Hawaii Farm Bureau, Land Use Research Foundation of Hawaii, Hawaii Crop Improvement Association, and a concerned individual testified in support of this bill. The Hawaii Agriculture Research Center supported the intent of this measure. The Sierra Club, Hawaii Chapter, and Earthjustice opposed this measure. B&F and the Department of the Attorney General offered comments.

Your Committee finds that the preservation of important agricultural lands is a significant issue. However, concerns were raised about the potential adverse effect of funding irrigation system improvements that may divert water from streams in a way that harms native stream life, cultural uses, and ecosystem balance. Water is a public trust resource that the State must protect, and discussions about methods to preserve natural streams, including the establishment of scientifically-based




instream flow standards, are necessary in finding comprehensive solutions.

Further concerns were raised regarding whether the special purpose revenue bonds authorized by this bill would be exempt from federal taxes, and your Committee respectfully requests the Committee on Finance to address this issue.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2178 and recommends that it be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary,

  
for Sylvia Luke, Chair



