

Honolulu, Hawaii

March 3, 2006

RE: H.B. No. 2179
H.D. 2

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

Sir:

Your Committee on Finance, to which was referred H.B. No. 2179, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose of this bill is to support agricultural initiatives in Hawaii by:

- (1) Establishing the Irrigation Repair and Maintenance Special Fund (Special Fund);
- (2) Establishing a tax credit for matching funds provided by landowners who receive funding from the Special Fund; and
- (3) Appropriating funds for various irrigation systems and for the Special Fund.

The University of Hawaii's College of Tropical Agriculture and Human Resources, County of Kauai's Office of Economic Development, Maui County Farm Bureau, Agribusiness Development Corporation, Hawaii Farm Bureau Federation, Hawaii Crop Improvement Association, Meadow Gold Dairies, C&H Farms, Pineapple Growers Association of Hawaii, and East Kauai Water Users' Cooperative supported this bill. The Board of Agriculture and Land Use Research Foundation of Hawaii supported the intent of this measure. Alexander and Baldwin, Inc., supported this bill




with amendments. Castle and Cooke Hawaii supported the intent of this measure and suggested amendments. The Department of Taxation opposed this bill. The Department of Budget and Finance and Tax Foundation of Hawaii provided comments.

Your Committee has amended this bill by:

- (1) Broadening the use to which the land served by an irrigation system for which funding assistance was applied may be put, by changing the required use from diversified agriculture to any type of agriculture;
- (2) Including lands controlled by a landowner, not just owned by the landowner, in the use and important agricultural lands requirements;
- (3) Changing the effective date to July 1, 2010, to encourage further discussion; and
- (4) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2179, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2179, H.D. 2.

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



DWIGHT TAKAMINE, Chair



