

Honolulu, Hawaii

MAR 30 2007

RE: S.C.R. No. 176

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Water, Land, Agriculture, and Hawaiian Affairs, to which was referred S.C.R. No. 176 entitled:

"SENATE CONCURRENT RESOLUTION REQUESTING THE AUDITOR TO CONDUCT A FINANCIAL AND MANAGEMENT AUDIT OF THE DEPARTMENT OF AGRICULTURE'S OPERATION OF THE MOLOKAI IRRIGATION SYSTEM,"

begs leave to report as follows:

The purpose of this measure is to obtain a baseline fiscal and management status of the Molokai Irrigation System by requesting the Auditor to perform a financial and management audit of the Department of Agriculture's operation of the Molokai Irrigation System.

Specifically, this measure requests that the Auditor determine:

- (1) The total annual revenues generated from users and the total annual costs of operation and maintenance of the irrigation system for the past three years;
- (2) The anticipated major costs for upkeep and any anticipated costs for capital improvements of the irrigation system over the next three years;
- (3) How funds generated from the users of the irrigation system are being diverted by the Department of Agriculture to subsidize other irrigation systems throughout the State; and



- (4) What measures may be implemented to improve the physical facilities and reduce user costs; and

submit a written report to the Legislature prior to the convening of the 2008 Regular Session.

Testimony in opposition to this measure was submitted by the Department of Agriculture.

The Molokai Irrigation System is the largest irrigation system operated by the Department of Agriculture. The irrigation system extends twenty-five miles, delivers 1.2 billion gallons of water annually, and serves three thousand one hundred sixty acres of land. The revenues and expenses for all irrigation systems, including the Molokai Irrigation System, are deposited into and paid out of a single revolving fund, the Irrigation Revolving Fund, established under section 167-22, Hawaii Revised Statutes.

Your Committee finds that a portion of the revenues generated by the Molokai Irrigation System may be diverted by the Department of Agriculture through the Irrigation Revolving Fund to subsidize other irrigation systems throughout the State. Terminating this diversion could result in lower fees and rates for the users of the irrigation system and additional funds for repairs and improvements of the irrigation system. Thus, a financial and management audit of the Molokai Irrigation System will provide a valuable baseline status of the current fiscal operations and management of the irrigation system.

As affirmed by the record of votes of the members of your Committee on Water, Land, Agriculture, and Hawaiian Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 176 and recommends that it be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Water, Land,
Agriculture, and Hawaiian
Affairs,


RUSSELL S. KOKUBUN, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Water, Land, Agriculture and Hawaiian Affairs
WAH

Bill / Resolution No.:* <i>SCR 176</i>	Committee Referral: <i>WAH, WAM</i>	Date: <i>3/28/07</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KOKUBUN, Russell S. (C)	X			
TOKUDA, Jill N. (VC)	X			
FUKUNAGA, Carol				X
HEE, Clayton	X			
SLOM, Sam	X			
TOTAL	<i>4</i>	<i>0</i>	<i>0</i>	<i>1</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency				

*Only one measure per Record of Votes