

STAND. COM. REP. NO. 557-08

Honolulu, Hawaii
Feb 15, 2008

RE: H.B. No. 1988
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committees on Agriculture and Consumer Protection & Commerce, to which was referred H.B. No. 1988 entitled:

"A BILL FOR AN ACT RELATING TO MACADAMIA NUTS,"

beg leave to report as follows:

The purpose of this bill is to establish the Macadamia Nut Commission (Commission) to develop marketing and promotional programs for the macadamia nut industry in Hawaii.

The Hawaii Macadamia Nut Association supported this bill with amendments. The Department of Agriculture supported the intent of this measure.

In light of testimony submitted on this measure, your Committees have amended this measure by, among other things:

- (1) Clarifying the definition of "processor" or "first handler" to mean any person within the state who engages in the operations of husking, processing, or marketing macadamia nuts, subject to certain other conditions;
- (2) Deleting existing provisions relating to the composition and appointment process for members of the Commission and, instead, requiring:
 - (A) The Commission to consist of nine members appointed by the Chairperson of the Board of Agriculture from



a list of nominees submitted by the Board of Directors of the Hawaii Macadamia Nut Association (Board of HMNA); provided that members nominated and appointed shall be members of the Board of HMNA in good standing; and provided further that the members nominated and appointed shall represent the existing membership divisions that have been in place and draw from large and small growers, growing districts, and processors; and

- (B) The members of the Commission to elect a Commission Chairperson by a majority vote of the members and that each member of the Commission shall serve a term of an unspecified amount of years;
- (3) Deleting existing provisions relating to the purpose, powers, and duties of the Commission, and, instead:
- (A) Requiring the Commission to administer and manage the collection of the mandatory assessment and to use the revenue collected to accomplish certain strategic objectives relating to macadamia nut research, nutrition, country of origin labeling, and development of a Hawaii industry approach; and
 - (B) Allowing the Commission certain powers relating to its operations and finances;
- (4) Deleting existing provisions relating to the assessment on macadamia nut producers and, instead:
- (A) Requiring the Commission to, no later than July 1 of each year, establish an assessment for the following macadamia nut season; provided that beginning on July 1, 2008, the assessment shall be one-fifth of one cent per pound of nut in shell at 20 per cent moisture produced by each producer, and an additional one-fifth of one cent per pound of nut in shell at 20 per cent moisture for each processor;
 - (B) Allowing the assessment to be changed by the Commission from time to time only by agreement of 90 percent of the members of the Hawaii Macadamia Nut Association; and



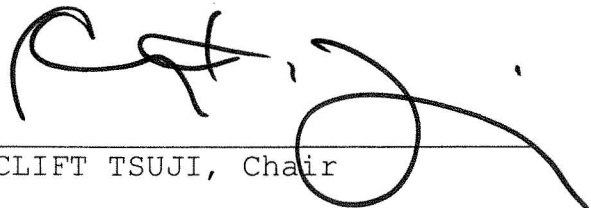
- (B) Limiting the maximum assessment for any single entity to \$30,000 annually;
- (5) Deleting the authority of the Commission to disclose certain information relating to reports to governmental agencies, financial reports to the Commission or aggregate sales and inventory information, and other information that processors or producer-suppliers request from the Commission; and
- (6) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the records of votes of the members of your Committees on Agriculture and Consumer Protection & Commerce that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1988, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1988, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Agriculture and
Consumer Protection & Commerce,



ROBERT N. HERKES, Chair



CLIFT TSUJI, Chair



