

Honolulu, Hawaii

MAR 23 2007

RE: H.B. No. 1114
H.D. 2
S.D. 1

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 H.B. No. 1114, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose of this measure is to provide the Agribusiness
Development Corporation with more independence and ability to
fully execute its powers by making extensive amendments to chapter
163D, Hawaii Revised Statutes.

Specifically, this measure:

- (1) Repeals certain powers and requirements of the
Agribusiness Development Corporation, including:
 - (A) The requirement to develop the Agribusiness
Development Plan;
 - (B) The requirements to use funds from the Hawaii
Agricultural Development Revolving Fund for
designated purposes; and
 - (C) The power to conduct research and marketing
analysis and to develop market strategies;
- (2) Repeals the requirement that all agricultural
development plans and project facility programs



developed by the Corporation be approved by the Board of Agriculture;

- (3) Exempts the use of Agribusiness Development Corporation funds from the procurement code under chapter 103D, Hawaii Revised Statutes;
- (4) Exempts the Corporation from various provisions governing administrative supervision of boards and commissions with certain exceptions;
- (5) Requests the Governor to review the amendments made to chapter 163D, Hawaii Revised Statutes, and report to the Legislature on:
 - (A) Any necessary staffing, funding, and resources for the Corporation;
 - (B) How much of that staffing, funding, and resources can be reasonably provided through transfers with the Executive Branch; and
 - (C) Whether any public lands need to be withdrawn or set aside to allow the Corporation to carry out its purposes; and
- (6) Appropriates a blank amount to the Corporation for two FTE positions, including a special assistant and an engineer.

Testimony in support of this measure was submitted by the Hawaii Farm Bureau Federation, the Maui County Farm Bureau, the East Kauai Water Users' Cooperative, and one individual. Testimony in opposition to this measure was submitted by the Department of Agriculture, the Agribusiness Development Corporation, the Department of Accounting and General Services, the State Procurement Office, the Hawaii Agriculture Research Center, the Hawaii Crop Improvement Association, and three individuals. The Office of Hawaiian Affairs submitted comments.

The Agribusiness Development Corporation was established for the purposes of coordinating and administering programs to assist agricultural enterprises to facilitate the transition of agricultural infrastructure from plantation operations into other agricultural enterprises, to carry on the marketing analysis to



direct agricultural industry evolution, and to provide the leadership for the development, financing, improvement, or enhancement of agricultural enterprises. Your Committee finds that the Corporation will play a larger role in supporting agricultural efforts as Hawaii's agricultural industry becomes more diversified, thus the Corporation will need more independence and ability to fully execute its powers.

Your Committee has amended this measure by:

- (1) Clarifying that the annual report the Corporation is required to submit before each Regular Session under section 163D-19, Hawaii Revised Statutes, be submitted directly to the Governor;
- (2) Reinstating the Corporation's power to carry out surveys, research, and investigations into various aspects of agricultural production in the national and international community under section 163D-4, Hawaii Revised Statutes, and adding demonstration projects;
- (3) Deleting language that exempts the use of Agribusiness Development Corporation funds from the procurement code under chapter 103D, Hawaii Revised Statutes;
- (4) Adding a part II to this measure that adds the language of S.B. No. 1705, S.D.1, that:
 - (A) Makes the Molokai Irrigation System Water Users Advisory Board a governing board, increases the number of members on the board, and allows nominations from Molokai homestead stakeholder organizations; and
 - (B) Establishes the Molokai Irrigation Special Fund for the purpose of repair and maintenance of the Molokai Irrigation System; and
- (5) Making technical, nonsubstantive amendments for the purposes of style and consistency.

Your Committee has concerns with the Governor determining how much necessary staffing, funding, and resources for the Corporation can be reasonably provided through transfers with the Executive Branch. Your Committee is concerned that these needs

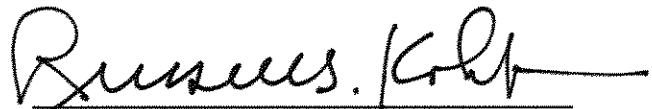


will be taken from the Department of Agriculture and transferred to the Corporation. Although this measure may cause the Corporation to need more staffing, funding, and resources, your Committee believes that these needs should not be at the expense of the Department of Agriculture. Your Committee further requests that the Governor provide a full assessment to the Legislature of all of the requirements and objectives the Corporation will need to accomplish to become a complete and independent division.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to provide the Agribusiness Development Corporation with more independence and ability to fully execute its powers.

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 is in accord with the intent and purpose of H.B. No. 1114, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1114, H.D. 2, S.D. 1, and 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.:*	Committee Referral:	Date:
HB 1114 HD2	WAH, WAM	3/21/07
<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 type="checkbox"/> Pass, unamended 2312 <input checked="" 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	4	0
0	1	
Recommendation:		
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
		
Distribution:		
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency

*Only one measure per Record of Votes