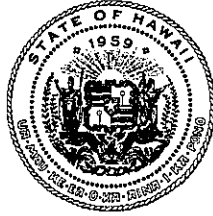


LINDA LINGLE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

LAURA H. THIELEN
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

RUSSELL Y. TSUJI
FIRST DEPUTY

KEN C. KAWAHARA
DEPUTY DIRECTOR - WATER

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BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

**TESTIMONY OF THE CHAIRPERSON
OF THE BOARD OF LAND AND NATURAL RESOURCES**

on House Bill 2843, House Draft 2, Senate Draft 1 – RELATING TO INVASIVE SPECIES

**BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS**

March 28, 2008

House Bill 2843, House Draft 2, Senate Draft 1 authorizes the Department of Agriculture (DOA) to assess a service fee of 50 cents for every one thousand pounds of freight brought into the state for the inspection, quarantine and eradication of invasive species. The designation by this measure of the transportation company as the entity who shall collect the fee from importers may improve the implementation of this measure. While the Department of Land and Natural Resources (Department) appreciates the Legislature's attention to this matter, the Department nonetheless believes that there needs to be further discussions to develop an equitable and adjustable cost recovery mechanism to implement the Hawaii Biosecurity Program.

Preventing new invasive species from establishing in Hawaii provides the greatest long-term protection for Hawaii and the Department supports strong import quarantine measures. Invasive species inspections and quarantine are needed for all types of commercial freight. Providing an equitable and comprehensive system for inspection of all commercial freight, enforcement authority and having the staff and needed airport and harbor facilities to allow for efficient cargo quarantine inspections and processing will protect Hawaii's economy and environment from invasive species.

As a co-chair of the Hawaii Invasive Species Council, the Department approved a resolution on January 19, 2006 in support of the invasive species recommendations of the Governor's Economic Momentum Commission (Commission). The first of the two recommendations by the Commission was to review user fees from importers/shippers to ensure these fees are adequate to properly fund the needed prevention and quarantine programs.

Other island nations are dealing with the problem of invasive species with similar approaches and it is clear that a reasonable service charge to fund an adequate quarantine program will not place an undue burden on transport or visitors. For example in New Zealand, the assessment of a \$3 per passenger service fee generates approximately \$25,000,000 to support a comprehensive quarantine program that includes X-ray screening, inspector dogs and targeted inspections of high risk goods.

Under the schedule proposed by this measure, and based on the Department of Business, Economic Development, and Tourism Data Book for 2005 which notes that 38,431,961 pounds of cargo arrive daily, a total of \$7,000,000 per year would be raised if all freight, both air and marine was subject to the 50 cent per 1000 pound schedule. It is not clear if empty containers arriving in Hawaii would be subject to the fee. These structures provide a high risk of introducing ants if they have been stored on the ground and have also been shown to harbor brown tree snakes on Guam. Ensuring that cost recovery to inspect these as well as the vessels themselves will be an important part of a comprehensive cost recovery program.

Should this measure be enacted, the Department defers to DOA as to the magnitude, structure and mechanism of the funding necessary to carry out their vital quarantine functions as outlined in their Biosecurity Plan.

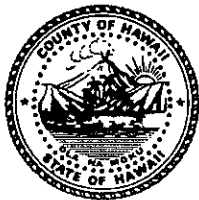
BOB JACOBSON

Councilmember

Chair, Environmental Management Committee

Vice-Chair, Finance Committee

Vice-President Hawai'i State Association of Counties



333 Kīlauea Avenue, Second Floor
Ben Franklin Building, Hilo, Hawai'i 96720

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HAWAI'I COUNTY COUNCIL

County of Hawai'i

March 25, 2008

Committee on Ways and Means

Senator Rosalyn H. Baker, Chair

Senator Shan S. Tsutsui, Vice-Chair

And, Members

Hearing Friday, March 28, 2008 at 9:30 a.m.

Conference Room 211

State Capitol Building

Re: HB 2834, HD 2, SD1 RELATING TO INVASIVE SPECIES

I strongly support HB 2834 HD 2, SD1. The state needs to expand the items subject to the inspection, quarantine, and eradication service fee (inspection fee) to include any freight brought into the state. It also requires that the inspection fee to be assessed based on net weight of imported freight. I support legislation that will support agriculture inspections to control or prevent invasive species from devastating Hawaii's environment or agriculture.

I urge you to pass HB 2834 HD 2, SD1.

Aloha,

A handwritten signature in cursive script that reads "Bob Jacobson".

Bob Jacobson



Conservation Council for Hawai'i

Testimony Submitted to the Senate Committee Ways and Means

Hearing: Friday, March 28, 2008
9:30 am
Room 211

Support for HB 2843 HD 2 SD 1 Relating to Invasive Species

Aloha. The Conservation Council for Hawai'i strongly supports HB 2843 HD 2 SD 1, which imposes a invasive species fee for all incoming non-containerized freight into the State and adding air freight to the inspection fee provision. Currently, only containerized marine shipments are assessed a \$1 fee per 20-foot container. Raising the fee is essential to an effective inspection program.

Mahalo nui loa for the opportunity to testify.

Sincerely,

Marjorie Ziegler



Working Today for the Nature of Tomorrow!

Telephone/Fax 808.593.0255 • email: info@conservehi.org • web: www@conservehi.org
P.O. Box 2923 • Honolulu, HI 96802 • Office: 250 Ward Ave., Suite 212 • Honolulu, HI 96814

Hawai'i Affiliate of the National Wildlife Federation

President: *Julie Leialoha* * Vice-President: *Nelson Ho* * Secretary/Treasurer: *Kim Ramos* * Directors: *Fred Kraus, Ph.D.* * *Douglas Lamerson,*
George Robertson * *Claire Shimabukuro* * *Helene Takemoto* * *Mashuri Waite* * Executive Director: *Marjorie Ziegler*



Maui County Farm Bureau

*An Affiliate of the American Farm Bureau Federation and Hawaii Farm Bureau Federation
Serving Maui's Farmers and Ranchers*

TESTIMONY

HB 2843 HD2 RELATING TO INVASIVE SPECIES

HEARING BEFORE THE COMMITTEE ON WAYS AND MEANS

Chair Baker and Committee Members:

My name is Warren Watanabe, Executive Director of the Maui County Farm Bureau, a non-profit general agriculture organization and an affiliate of the Hawaii Farm Bureau Federation.

MCFB strongly requests your SUPPORT of HB 2843 HD2, SD1 imposing fees on all types of cargo entering the State.

Last year's legislature imposed a fee on marine containers. This measure includes all other types of cargo that are equally subject to carrying invasive species. Subjecting all types of cargo to this fee requirement brings fairness into the system.

As we look to address invasive species, our farmers and ranchers are facing a near crisis situation in the area of transportation. Improvements in Harbor infrastructure will be critical for expansion of Hawaii's agriculture. Recent experiences with the Hawaii Superferry and now the Kahului Harbor 2030 Draft EIS gives strong testament to the delay tactics that will be used by some to slow down the improvement process. This measure is an important piece to help fund the programs needed to ensure that concern of invasive species does not get used to slow down the much needed harbor improvement plans.

MCFB respectfully requests passage of this measure **as amended**. The viability of our farmers and ranchers is at stake. Thank you.

Testimony of The Nature Conservancy of Hawai'i
Supporting H.B. 2843 HD2 SD1 Relating to Invasive Species
Senate Committee on Ways and Means
Friday, March 28, 2008, 9:30AM, Room 211

The Nature Conservancy of Hawai'i is a private non-profit conservation organization dedicated to the preservation of Hawaii's native plants, animals, and ecosystems. The Conservancy has helped to protect nearly 200,000 acres of natural lands for rare and endangered native species in Hawai'i. Today, we actively manage more than 32,000 acres in 11 nature preserves on O'ahu, Maui, Hawai'i, Moloka'i, Lāna'i, and Kaua'i and also work closely with government agencies and private landowners on cooperative land and marine management projects.

The Nature Conservancy of Hawai'i strongly supports H.B. 2843 HD 2 SD1 Relating to Invasive Species.

Invasive insects, diseases, snakes, weeds, and other pests are one of the greatest threats to Hawaii's economy, natural environment, and the health and lifestyle of its people.

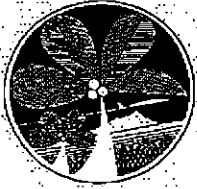
The Hawai'i Department of Agriculture (HDOA) is responsible for the inspection of domestic cargo and passengers arriving at Hawaii's ports to protect the state from introduction of unwanted plant and animal pests and diseases. The HDOA also inspects interisland shipments to prevent movement of pests between islands. Pest risk assessments conducted by the Department at ports of entry across the state have helped the Department identify high-risk pathways for pest introductions and prioritize the allocation of departmental resources. The Department has also developed a multi-faceted Biosecurity Plan to enhance its efforts with more inspectors, more efficient and effective inspection services, joint state-federal inspection facilities, and agreements with importers and producers for improved sanitary protocols before items are shipped to Hawai'i. The financial and personnel support provided by the Legislature, has been essential to implementing this plan.

Providing the HDOA with authority to assess a reasonable service charge on its invasive species inspection, quarantine and eradication activities provides an appropriate and useful source of funds to achieve the goal of enhanced prevention systems at ports of entry for the state. This bill appropriately expands the authority of the Department to assess a reasonable fee on all incoming cargo into the state, including containerized and non-containerized, and both sea and air cargo.

BOARD OF TRUSTEES

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AIRLINES COMMITTEE OF HAWAII



Honolulu International Airport
300 Rodgers Blvd., #62
Honolulu, Hawaii 96819-1832
Phone (808) 838-0011
Fax (808) 838-0231

AIRLINES COMMITTEE OF HAWAII TESTIMONY SUBMITTED BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS HAWAII STATE CAPITOL ROOM 211; 9:30 A.M.

March 28, 2008

The Honorable Rosalyn Baker, Chair
The Honorable Shan Tsutsui, Vice Chair
Senate Ways and Means Committee

Re: HB 2843 HD2 SD1 – Relating to Invasive Species

Chair Baker, Vice Chair Tsutsui and Members of the Committee:

The Airlines Committee of Hawaii* (ACH), which is made up of the signatory air carriers that underwrite the Hawaii state airport system, opposes HB 2843 HD2 SD1.

We have serious concerns with regard to practical as well as legal issues with this bill and urge you to hold it. HB 2843 HD2 SD1 would require commercial airlines and air freight carriers to collect a fee from persons who import any foreign or domestic freight into the State of Hawaii. We believe it would be more appropriate for the State Department of Agriculture to collect this fee.

As written, the legislation would cover all commercial air freight, including Fedex and UPS shipments, air cargo shipments on foreign and domestic passenger airlines, and U.S. Government shipments, including civilian, military and U.S. mail. First of all, air carriers would not be able to collect any state fees from the Federal government.

Secondly, the requirement that fees be imposed on the "net weight" of the imported freight is problematic. The airline business does not use "net weight" because packaging weight is a factor. Airlines use "gross weight" to calculate and track freight shipments. In addition, we question how the \$0.50 per thousand pound fee could be imposed. Many air freight shipments are small, and a fee of \$0.50 per thousand pounds could be less than a penny. In short, we believe it would be nearly impossible for the airlines to collect fees based on this legislation.

Thirdly, shippers who ship freight to Hawaii from a foreign country already pay federal inspection fees, including federal Animal and Plant Health Inspection Service fees.

Finally, we understand that this type of legislation may violate Federal law that applies to foreign freight shipped to Hawaii. It could be viewed as an import fee, and states are expressly prohibited from levying import fees by the U.S. Constitution, Article I, Section 10.

Another provision in Federal law, the Anti-Head Tax (AHT) states "...a State, a political subdivision of a State, and any person that has purchased or leased an airport under section 47134 of this title may not levy or collect a tax, fee, head charge, or other charge on...the sale of air transportation... Air transportation includes the transportation of passengers or property by aircraft as a common carrier."

For all of these reasons, we urge you to hold this bill. The ACH welcomes the opportunity to work collaboratively with you and other stakeholders on this issue.

Thank you for the opportunity to provide testimony on HB2843 HD2 SD1.

Sincerely,

Rodrick Aoki

*ACH members are Air Canada, Air New Zealand, Air Pacific, Alaska Airlines, All Nippon Airways, Aloha Airlines, American Airlines, ATA Airlines, China Airlines, Continental Airlines, Delta Air Lines, Federal Express, go!, Hawaiian Airlines, Island Air, Japan Airlines, Korean Air, Northwest Airlines, Philippine Airlines, Qantas Airways, United Airlines, United Parcel Service, US Airways, and Westjet.

To: Senator Rosalyn Baker, Chair
Senator Shan Tsutsui, Vice Chair
Committee on Ways and Means
Honorable Committee Members

Hearing on 3/28/08 at 9:30 a.m. CR #211

From: Ralph C. Boyea, Legislative Advocate, Hawai'i County Council

Subject: **Testimony in favor of** HB 2843, HD2, SD1 RELATING TO INVASIVE SPECIES

On behalf of the Hawai'i County Council, I ask that you to pass House Bill 2843, HD2, SD1. This Bill expands the collection of the inspection, quarantine and eradication service fee to include any freight transported into the State of Hawai'i.

The Hawai'i County Council is very supportive of any efforts by the State Legislature to control invasive species. In recent years Hawai'i County has been subjected to invasion by coqui frogs, fire ants and apple snails, to name just a few invasive species. All of these species have created significant impact financially, emotionally and culturally. We are also very concerned about a possible future invasion of honey bee mites which could be devastating to our bee farmers and our agricultural industry. Hawaii County has also been invaded by numerous plant species that have literally taken over areas of our land and adversely affected our crops.

We are well aware that the Department of Agriculture needs additional financial support to increase it's efforts in maintaining our biosecurity and in controlling invasive species. We applaud the State Legislature for looking for ways to finance those efforts.

We urge you to pass HB 2843, HD2, SD1.



HAWAII FOOD INDUSTRY ASSOCIATION

820 Mililani St., Suite 810, Honolulu, Hawaii 96813
Phone (808)533-1292 - Fax (808)599-2606 - Email LISHawaii@aol.com
Richard C. Botti, President



March 28, 2008

Senate Committee on Ways & Means

Senator Rosalyn H. Baker, Chair
Senator Shan S. Tsutsui, Vice Chair

By: Richard C. Botti, President, or Lauren Zirbel, Government Affairs

Re: HB 2843 HD2 SD1 RELATING TO INVASIVE SPECIES

Chairs & Committee Members:

While we fully support the intent of the bill to assess imports via other than ocean vessels, we have major concerns with the new fee assessment of \$.50 per 1,000 pounds, vs. \$1 to \$2 per container imported into the State. An example is:

An ocean container of frozen packaged food that weighs 30,000 pounds, loaded into the container at a food processing plant, has little risk of invasive species being a part of the cargo. Under current law, the container would be assessed \$1 to \$2, based on the size of the container (\$1 per 20'). Under the new formula, the container would be assessed a fee based on \$.50 per 1,000 pounds or fraction thereof, which would be \$15. If the container weighed 38,000 pounds, the fee would be \$19.

Because food products are what they are, each importer is required to have a strict policy on how shipments are shipped, received, inspected, and warehoused. We proposed that there is little justification to paint all cargo with the same broad brush when the risk varies from frozen food to live plants, to household goods.

While we support broadening the fees charged to all imports, there must be a fee that is created based on risk. We estimate this measure will generate more than \$10 million from what we estimate to be less than \$2 million currently being generated.

We look forward to working with the Legislature to derive at a fee structure that has a nexus with the risk. Because of the major revenues that we project using the new formula, we need more information on the cost by government to monitor and inspect cargo to assure this is not just a means of creating a new tax. Further, we need to look at a credit system for those firms that conduct and document their own inspections.

The preamble of this bill on page 3, lines 4 through 6 states that: **“this fee on interstate commerce and the importation of goods are insignificant**” We do not consider an increase upwards to, or even more than \$10 million insignificant.

Note: The M.V. Manukai and M.V. Maunawili Matson ships each have the capacity to carry 2,600 containers. We have over 1,000 vessels per year entering Hawaii.

**Table 18.51-- SHIP ARRIVALS AND CARGO TONNAGE AT THE PORT OF
HONOLULU: 1985 TO 2006**

[Cargo tonnage in short tons, based on wharfage/tariff. Fiscal years ending June 30]

Year	Overseas vessels		Inter-island ves- sels	
	Number	Cargo tonnage	Number	Cargo tonnage
1985	1,749	5,071,250	2,412	1,884,925
1986	1,825	5,379,135	2,697	2,121,858
1987	2,080	5,736,005	2,848	2,135,235
1988	2,014	6,586,749	3,172	2,746,776
1989	2,024	6,877,963	3,101	2,892,709
1990	2,159	7,439,568	3,212	2,917,984
1991	2,066	6,939,735	3,190	3,962,085
1992	2,104	8,235,947	3,207	3,101,050
1993	1,918	7,462,619	2,440	2,731,645
1994	1,603	6,434,257	2,737	2,372,971
1995	1,790	6,064,842	2,996	2,096,597
1996	1,650	6,150,398	2,831	2,349,354
1997	1,604	6,244,158	2,679	2,312,266
1998	1,320	6,732,716	4,309	1,765,496
1999	1,262	5,721,503	2,249	1,730,662
2000	1,292	6,325,580	2,215	1,872,074
2001	1,295	6,467,388	2,280	1,863,218
2002	1,270	6,425,288	2,663	1,796,910
2003	1,169	(NA)	2,521	(NA)
2004 1/	1,133	6,671,523	2,418	1,892,904
2005 1/	1,121	7,013,833	2,580	2,212,657
2006 1/	1,061	7,141,689	2,972	2,335,518

NA Not available.

1/ As of fiscal year 2004, cargo tonnage does not include tonnage for bunkering, that is fuel for the use of the vessel to which the fuel is delivered.

Source: Hawaii State Department of Transportation, Harbors Division, records.

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Invasive species inspection fee

BILL NUMBER: HB 2843, SD-1

INTRODUCED BY: Senate Committees on Agriculture and Hawaiian Affairs, Energy and Environment, and Transportation and International Affairs

BRIEF SUMMARY: Amends HRS section 150A-5.3 to extend the invasive species inspection fee to include air freight or any other means of transporting freight. The fee shall be paid by the person importing the freight. The transportation company shall be responsible to collect the fee and forward it to the department of transportation at the port of disembarkation. The fee shall be deposited into the pest inspection, quarantine, and eradication fund.

Repeals the \$1 fee charged for each 20-foot equivalent unit per marine commercial container and proposes a fee of 50 cents for every 1,000 pounds of freight brought into the state.

EFFECTIVE DATE: July 1, 2050

STAFF COMMENTS: The legislature by Act 9, SSLH 2007, adopted an inspection fee of \$1 for each 20-foot equivalent per maritime container for the inspection, quarantine, and eradication of invasive species in any marine commercial container shipment. This measure would replace this fee with a fee of 50 cents per 1,000 pounds of freight imported into the state by any means.

It should be remembered that since Hawaii is an island state, all goods must either be transported by air or water making the cost of transporting those goods more costly as compared to the lower 48 states where goods may be transported by ground transportation. Any additional cost imposed on the transportation of goods into the state will be passed on and be reflected in the higher prices of goods.

While the intent of funding a program to combat invasive species is commendable, the fee represents yet another tax to fund a special program as opposed to using general funds to fund such a program. Thus, in one sense, attacking this problem with a new fee is an indication that this is not a problem of high priority so as to garner general fund financing, it is also a way for lawmakers to avoid being held accountable for growing government even larger and allowing government to grow beyond its means and the ability of the taxpayer to afford government in Hawaii. Note well, that the new fee is imposed on freight coming into the state and, as such, the cost of the fee will be buried in the cost of all goods and services purchased by consumers and businesses in Hawaii. Again yet another contribution to the higher cost of living and doing business in Hawaii.

It is also curious that the often favorite target of lawmakers escapes the hit of this new fee, the visitor or for that matter residents traveling between islands. The SuperFerry controversy highlighted the invasive species issue for travelers going between islands. If there is a more accountable way to assess possible transfer of invasive species into the state or between the islands, it should be travelers into the state or

between islands. With nearly 8 million visitors and residents moving between the islands the fee imposed could be much smaller as the base would be much larger than the couple of million freight containers. Regardless, the marked propensity of the legislature to resort to user fees when programs that are of a general benefit should be funded with general funds is an indication that this program is not of a high priority to most lawmakers.

This measure should be recognized for what it is, the expansion of government funded by another "user fee." It should be noted that the proposed fee amounts to nothing more than a replacement for general fund financing. In the long run, the consuming public will pay these fees as the cost will be passed on to those who are subject to these fees. Because the fees will be imbedded in the price of the product, the public will not hold government accountable, rather they will vent their anger at the businesses for increasing the costs. The fees proposed in this measure should be viewed no differently than a tax increase.

Digested 3/27/08

testimony

From: Mary Ikagawa [mikagawa@hawaii.edu]
Sent: Thursday, March 27, 2008 12:06 PM
To: testimony
Subject: Friday Senate WAM hearing on HB 2843, HD2, SD1

TO: COMMITTEE ON WAYS AND MEANS
Senator Rosalyn H. Baker, Chair
Senator Shan S. Tsutsui, Vice Chair

Hearing on HB 2843, HD2, SD1 RELATING TO INVASIVE SPECIES: Expands the items subject to the inspection, quarantine, and eradication service fee (inspection fee) to include any freight brought into the state. Requires the inspection fee to be assessed based on net weight of imported freight. (SD1)

To be held Friday, March 28, 2008 at 9:30 a.m. in Conference Room 211

Aloha Senator Baker and members of the committee,

This bill is both fair to the principals involved and also badly needed. The absence of funding and proactive action at ports of entry and beyond have been key reasons for Hawaii's invasive species crisis. Exporters and shippers expect, or by now should expect, intensive inspections and fees to cover problems related to incoming cargo. Hawaii's residents have been footing the bill without adequate, appropriate support for too long. This bill is a good step in the right direction. Please support HB2843 HD2, SD1.

Mary Ikagawa
Kailua, Oahu

testimony

From: Melinda May Wilkinson [mwilkins@hawaii.edu]
Sent: Thursday, March 27, 2008 11:59 AM
To: testimony
Subject: Testimony for HB2843HB2SD1 - WAM 03-28-08 at 9:30

**PERSONAL TESTIMONY OF
MINDY WILKINSON, INVASIVE SPECIES BIOLOGIST**

House Bill 2843, House Draft 2 Senate Draft 1 – RELATING TO INVASIVE SPECIES

**BEFORE THE SENATE COMMITTEE
WAYS AND MEANS**

March 28, 2008

I am writing to express my strong personal support for this measure and request that this bill be passed this session to address an urgent need for improvements to the State's quarantine programs. Deferring this bill to allow to further negotiations on the mechanism ignores the years of unproductive discussions that have already taken place between industry representatives and the Hawaii Department of Agriculture.

House Bill 2843, House Draft 2 Senate Draft 2 authorizes the Department of Agriculture (DOA) to assess a service fee of 50 cents for every one thousand pounds of freight brought into the state for the inspection, quarantine and eradication of invasive species. The designation by this measure of the transportation company as the entity who shall collect the fee from importers may improve the implementation of this measure.

Preventing new invasive species from establishing in Hawaii provides the greatest long-term protection for Hawaii. Invasive species inspections and quarantine are needed for all types of commercial freight. Providing an equitable and comprehensive system for inspection of all commercial freight, enforcement authority and having the staff and needed airport and harbor facilities to allow for efficient cargo

3/27/2008

quarantine inspections and processing will protect Hawaii's economy and environment from invasive species.

As a co-chair of the Hawaii Invasive Species Council, the Department approved a resolution on January 19, 2006 in support of the invasive species recommendations of the Governor's Economic Momentum Commission (Commission). The first of the two recommendations by the Commission was to review user fees from importers/shippers to ensure these fees are adequate to properly fund the needed prevention and quarantine programs.

Other island nations are dealing with the problem of invasive species with similar approaches and it is clear that a reasonable service charge to fund an adequate quarantine program will not place an undue burden on transport or visitors. For example in New Zealand, the assessment of a \$3 per passenger service fee generates approximately \$25,000,000 to support a comprehensive quarantine program that includes X-ray screening, inspector dogs and targeted inspections of high risk goods.

Under the schedule proposed by House Bill 2843, House Draft 2, and based on the Department of Business, Economic Development, and Tourism Data Book for 2005 which notes that 38,431,961 pounds of cargo arrive daily, a total of \$7,000,000 per year would be raised if all freight, both air and marine was subject to the 50 cent per 1000 pound schedule. It is not clear if empty containers arriving in Hawaii would be subject to the fee. These structures provide a high risk of introducing ants if they have been stored on the ground and have also been shown to harbor brown tree snakes on Guam. Ensuring that cost recovery to inspect these as well as the vessels themselves will be an important part of a comprehensive cost recovery program.

LINDA LINGLE
Governor



SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE K. OKAMOTO
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 Fax: (808) 973-9613

TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
FRIDAY, MARCH 28, 2008
9:30 A.M.
ROOM 211

HOUSE BILL NO. 2843, H.D. 2, S.D. 1
RELATING TO INVASIVE SPECIES

Chairperson Baker and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 2843, H.D. 2, S.D. 1. The purpose of this bill is to fund the department of agriculture's biosecurity program by expanding the items subject to the inspection, quarantine, and eradication service fee to include any freight brought into the State. The Department supports this measure.

The department of agriculture has formulated and has begun to implement a new biosecurity program for the state consisting of preclearance programs, port-of-entry inspections, post-entry control and eradication programs, and initiatives to spur the growth of agriculture in Hawaii to reduce the state's dependency on imported agricultural products.

Several major projects key to the implementation of the biosecurity program are underway at this time. Specifically, we have initiated the planning and installation of joint-use inspection facilities at the airports and harbors to mitigate environmental concerns for the improvements to the transportation infrastructure at ports statewide; and are currently developing coordinated federal-state programs incorporating risk

assessments, diagnostics, detection, control and suppression, and emergency management programs.

CIP proposals have been submitted and are under review in the department. Consultants are involved in scoping the project and identifying the needs of state and federal agencies, the airlines, freight carriers and growers in Hawaii.

Funds from the fees generated would be used to operate port facilities to increase inspection of high-risk commodities while minimizing inconvenience to transportation carriers and importers; and also to provide more efficient and effective prevention programs for invasive species. This fee will replace the fee based on \$1.00 per 20 foot equivalent unit per container that was passed into law in a previous legislative session.

**HB 2843 HD2 SD1
RELATING TO INVASIVE SPECIES**

**PAUL T. OSHIRO
MANAGER – GOVERNMENT RELATIONS
ALEXANDER & BALDWIN, INC.**

MARCH 28, 2008

Chair Baker and Members of the Senate Committee on Ways & Means:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) and Matson Navigation Company, Inc. (a subsidiary of A&B) on HB 2843 HD2 SD1, "A BILL FOR AN ACT RELATING TO INVASIVE SPECIES."

Although invasive species can enter Hawaii through several different means or pathways, including but not limited to air and marine containerized and non-containerized freight, the present statutorily imposed invasive species fee is only imposed upon marine containerized freight. At present, no invasive species fee is imposed on any other means by which invasive species can enter our State. We believe that by assessing the present invasive species fee only on marine container shipments, that this fee is discriminatory and results in an unfair burden and competitive disadvantage on entities that transport freight to Hawaii via marine container shipments as opposed to entities that transport freight to Hawaii via other modes of shipment and other modes of transportation.

This bill proposes to establish a new invasive species fee that is assessed on the net weight of all freight brought into the State. We appreciate the general intent of this

bill to broaden the scope of the present invasive species fee to include all modes by which commercial freight is transported into the State.

We respectfully request your consideration to insert the following amendments into this bill:

1. Clarify provisions to specify that the person paying the fee will be the same person responsible for paying the freight charges to the transportation company.
2. Add a provision to ensure that the transportation company will not be liable for any fee that is not paid by the person responsible for paying the freight charges to the transportation company.
3. Authorize the Department of Agriculture to allow the transportation company to retain a portion of the fee for administrative costs for the assessment, collection, and disposition of the fee.

We have attached draft amendments for your consideration. Thank you for the opportunity to testify.

RELATING TO INVASIVE SPECIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that the unchecked spread of invasive species is the single greatest threat to Hawaii's economy, natural environment, and the health and lifestyle of Hawaii's people. Invasive pests can cause millions of dollars in crop losses, the extinction of native species, the destruction of native forests, the spread of diseases, and the quarantine of exported agricultural crops.

Island ecosystems are particularly vulnerable to the destructive power of invasive pests. In Guam, the accidental introduction of the brown tree snake has resulted in widespread devastation. Without natural predators or competition for food, brown tree snake populations have grown exponentially, causing mass extinctions of endemic birds. Where there were once bird songs, the silent forests of Guam are now home to as many as 15,000 snakes per square mile. Just one new pest like the brown tree snake could forever change the character of the Hawaiian islands.

Despite our ongoing efforts to detect and eradicate invasive species, our fragile island ecosystems are constantly at risk from insects, disease-bearing organisms, snakes, weeds,

and other invasive pests. The coqui frog, *Salvinia molesta*, *Miconia calvescens*, ohia rust, nettle caterpillar, and little fire ant are all present in Hawaii, disrupting the delicate balance of our ecosystems, crowding out native species, and reducing the biodiversity of our islands. Other harmful species like the papaya mealybug, *Erythrina* gall wasp, Asian citrus psyllid, and *Varroa* mite have the potential to devastate our environment and agriculture if allowed to become widespread in Hawaii and spread unchecked by natural predators. The legislature finds that inspection of freight brought into the state is necessary for the protection of the state's ecosystem.

The purpose of this Act is to increase the scope of the existing inspection, quarantine, and eradication service fee to provide funding for the department of agriculture to conduct inspections of imported freight to prevent the introduction of invasive species, and for the facilities necessary to conduct such inspections. This fee applies only to nonpassenger freight. Accordingly, this fee is not a duty of tonnage for entering Hawaiian waters (United States Constitution Article I, Section 10, Clause 3), nor does this fee violate the prohibition on anti-head taxes on airline passengers (Title 49 United States Code Section 40116).

The legislature also finds that the impacts of this fee on interstate commerce and the importation of goods are

insignificant and that this Act is consistent with the commerce clause (United States Constitution Article I, Section 8, Clause 3), the export-import clause (United States Constitution Article I, Section 10, Clause 2), and the International Convention for Safe Containers, 1972, as amended.

SECTION 2. Section 150A-2, Hawaii Revised Statutes, is amended by adding two new definitions to be appropriately inserted and to read as follows:

"Freight" means nonpassenger goods, cargo, or lading, transported for pay.

"Net weight" means gross weight minus the container weight if any."

SECTION 3. Section 150A-5.3, Hawaii Revised Statutes, is amended to read as follows:

"[+]§150A-5.3[+] Inspection, quarantine, and eradication service fee and charge. There is imposed a fee for the inspection, quarantine, and eradication of invasive species contained in any freight, including but not limited to marine commercial container shipment, air freight, or any other means of transporting freight, foreign or domestic, that is brought into the [State.] state to be paid by the person [importing the freight] responsible for paying the freight charges to the transportation company. [It shall be the responsibility of the] The transportation company [to] shall collect the fee and

forward the payment to the department at the port of disembarkation; provided that the transportation company shall not be liable for any fee that is not paid by the person responsible for paying the freight charges to the transportation company. The department shall allow the transportation company to retain a portion of the fee for administrative costs for the assessment, collection, and disposition of the fee. The department shall deposit the fee into the pest inspection, quarantine, and eradication fund under section 150A-4.5.

~~[The fee shall be computed on the basis of \$1 for each twenty-foot equivalent unit per container. The department shall collect the fee at the port of disembarkation and deposit the fee into the pest [inspection], quarantine, and eradication fund under section 150A-4.5.]~~ The fee shall be assessed on the net weight of the imported freight computed on the basis of 50 cents for every one thousand pounds of freight brought into the state, or part thereof."

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect on July 1, 2050.

**THE UNIVERSITY OF HAWAII ENVIRONMENTAL CENTER IS
PLEASED TO SUBMIT THIS TESTIMONY IN ACCORDANCE
WITH ACT 132 OF 1970 WHICH CREATED THE CENTER.
AUTHORS ARE MEMBERS OF THE UNIVERSITY COMMUNITY.**

RL: 2206

HB 2843 HD2 SD1
RELATING TO INVASIVE SPECIES

Senate Committee on Ways Means
Public Hearing -- March 28, 2008
9:30 a.m., State Capitol, Conference Room 211

by
Peter Rappa, Environmental Center

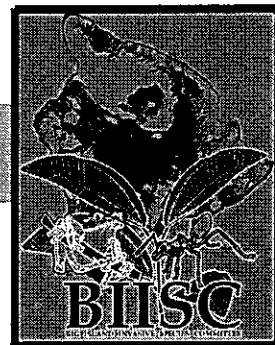
HB 2843 HD2 SD1 expands the items subject to the inspection, quarantine, and eradication service fee to include any freight brought into the state and requires the inspection fee to be assessed based on net weight of imported freight. We emphasize that our testimony on this measure does not represent an official position of the University of Hawaii.

The Environmental Center supports the intent of this bill. Invasive species represent the single biggest threat to Hawaii's economy and natural environment. Pests have already caused millions of dollars in crop losses, the extinction of native species, the destruction of native forests, and the spread of disease. But many more harmful pests now threaten to invade Hawaii and wreak further damage. Alien species have already had a tremendous effect on Hawaii's unique flora and fauna. Due to its isolation, Hawaii originally had thousands of species found nowhere else on Earth. It has, however, suffered the highest rates of extinction of any area of the United States and one of the highest rates anywhere in the world, with hundreds or possibly thousands of unique species already extinct. The primary agent of this remarkable loss of native biodiversity has been the massive introduction by humans of alien species to the Hawaiian Islands.

This bill does two things that will help the state's efforts to combat invasive species. It will raise the inspection fee, providing more funding for the effort to interdict invasive species such as the brown tree snake that has decimated Guam's bird populations. The increase will bring the funding more in line with the true cost of keeping unwanted species out of Hawaii. It will also apply the container inspection program to air commercial containers. Formerly, the inspection program applied only to marine commercial containers.

Thank you for the opportunity to comment on this bill.

Big Island Invasive Species Committee



TESTIMONY IN SUPPORT OF HB 2843, HD2, SD1 RELATING TO INVASIVE SPECIES

Before the

COMMITTEE ON WAYS AND MEANS

Senator Rosalyn H. Baker, Chair
Senator Shan S. Tsutsui, Vice Chair

March 27, 2008

The measure expands the items subject to the inspection, quarantine, and eradication service fee (inspection fee) to include any freight brought into the state. It requires the inspection fee to be assessed based on net weight of imported freight.

The Big Island Invasive Species Committee is in full support of the aforementioned measure. If passed, this measure will assist existing programs in the fight against invasive species, including cost recovery imperative to the survival of inspection programs across the State. Inspection of imported freight is severely under-funded, under-staffed and existing programs are over taxed leaving ports of entry vulnerable to invasive species introductions. The recommendations of the Governor's Economic Momentum Commission to review user fees from importers and shippers to properly fund needed quarantine and interdiction programs needs to be supported. Hawaii ports-of-entry is our first line of defense against potentially harmful invasive species. Early detection is imperative to limit accidental as well as purposeful introduction and has proven to be most cost effective. Once established, it becomes extremely difficult to maintain eradication and containment programs which are very costly.

Programs on other island nations have used similar approaches to fund adequate quarantine programs, and have not placed an undue burden on the transport or visitor industry. New Zealand generates some \$25 million dollars in revenue to support inspection and interdiction programs, including x-ray and dog inspections. Hawaii receives over 38 million pounds of cargo daily by sea and air transport, much of which goes un-inspected due to lack of resources. Our people on the ground do the best they can with what limited resources are available. The State of Hawaii must get serious with supporting early interdiction, inspection and bio-security programs across our State. Placing a 50 cent per 1000 pound schedule to importers is not a lot to ask to safeguard our islands, our agricultural industry and our economy. To spend millions to sustain long term management programs once they become established makes no sense at all if we have the opportunity to catch things early.

I urge this committee to support **HB 2843, HD2, SD1**

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