

STAND. COM. REP. NO. 702

Honolulu, Hawaii

March 6, 2009

RE: H.B. No. 1351
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committees on Energy & Environmental Protection and Water, Land, & Ocean Resources, to which was referred H.B. No. 1351, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PRIVATE AGRICULTURAL PARKS,"

beg leave to report as follows:

The purpose of this bill is to support agriculture by:

- (1) Encouraging and allowing contiguous public or private land owners in agricultural districts to establish private agricultural parks (park) by registering with the Department of Agriculture (DOA); and
- (2) Permitting park members by private agreements to:
 - (a) Engage in the generation of electrical energy to be sold, transmitted, and consumed within the park;
 - (b) Collect, sell, and distribute cold water to members within the park to operate cooling and processing facilities for agricultural products and air conditioning;
 - (c) Collect, store, sell, and distribute nonpotable water for irrigation purposes to members within the park; and



- (d) Engage in any other lawful activity within the park for the benefit of its members.

The Department of Planning and Permitting of the City and County of Honolulu, Kohala Ditch Project, and a concerned individual testified in support of this bill. DOA and Hawaii's Thousand Friends opposed this measure. The Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Ltd., provided comments.

Your Committees find that cooperation between adjoining land owners, with minimal regulatory oversight, provides flexibility and economies of scale that foster successful agricultural endeavors. However, your Committees have concerns relating to the ownership of the electric generation facility and the regulation of the facility by the Public Utilities Commission. Accordingly, your Committees have amended this bill by:

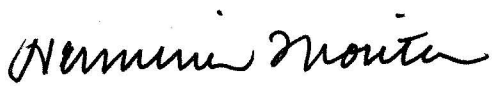
- (1) Providing that the electrical transmission and distribution system must be solely owned by a consumer cooperative association formed in accordance with Chapter 421C, Hawaii Revised Statutes; and
- (2) Changing the effective date to June 30, 2050, to encourage and facilitate further discussion on this measure.

As affirmed by the records of votes of the members of your Committees on Energy & Environmental Protection and Water, Land, & Ocean Resources that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1351, H.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 1351, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committees on Energy &
Environmental Protection and
Water, Land, & Ocean Resources,



KEN ITO, Chair



HERMINA MORITA, Chair



