

JAN 20 2010

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# A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF AGRICULTURE.

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

1           SECTION 1. In August and September 2009, a senate ad hoc  
2 committee conducted five informational briefings to gather  
3 information on the potential impacts of the anticipated  
4 reduction in services for the department of agriculture's plant  
5 quarantine branch and commodities branch throughout the State.

6           Nearly ninety per cent of Hawaii's consumer goods are  
7 imported and ships alone bring in 500,000 sea containers  
8 carrying 25,000,000 cartons - inspectors at harbors and airports  
9 are the first line of defense in stopping invasive species. In  
10 addition, the export value of agricultural products is in excess  
11 of \$160,000,000 and the scheduled layoffs will have a severe  
12 impact on Hawaii businesses due to the resulting reduction in  
13 exports. California already imposes strict guidelines for  
14 importation of Hawaii agricultural products, and any decline in  
15 meeting those requirements may result in an embargo by the State  
16 of California. Small businesses in particular are vulnerable,  
17 as any additional difficulty in achieving nursery certifications



1 has a proportionately larger financial impact on smaller  
2 operations.

3 The plant quarantine branch's biosecurity program is  
4 responsible for controlling the introduction and interisland  
5 spread of invasive species in Hawaii. Initially, the plant  
6 quarantine branch listed seventy-two general funded positions  
7 and forty special funded positions, with fifty-two of the  
8 general funded positions scheduled for layoffs. As a result of  
9 the briefings and increased community attention, on  
10 September 24, 2009, the department of agriculture announced  
11 temporary restoration of twenty-two of the plant quarantine  
12 inspector positions slated for layoffs to support core  
13 inspection services at ports statewide. The \$1,800,000 funding  
14 for the twenty-two positions includes \$600,000 earmarked for the  
15 Hawaii invasive species council and \$1,200,000 from fees  
16 collected in the pest inspection, quarantine, and eradication  
17 fund. Income to the special fund comes from maritime and  
18 airline companies that bring in cargo to Hawaii and pay 50 cents  
19 per 1,000 pounds of cargo for inspection, quarantine, and  
20 eradication of invasive species that may be transported into the  
21 State.



1           The department's commodities branch provides fee-for-  
2 service certification and auditing; enforces laws regarding the  
3 quality and condition of agricultural products; issues licenses  
4 for dealers in farm produce; conducts feed registration,  
5 sampling, and enforcement for label guarantees; and administers  
6 the milk control section. The branch is also responsible for  
7 seafood inspections, seed certification, federal-state  
8 certification of eggs, and food safety.

9           The commodities branch is projected to lose fifty per cent  
10 of its full time staff. On the island of Hawaii, the layoffs  
11 will directly impact the papaya and coffee industries and  
12 increase certification times from days to weeks. Statewide,  
13 over 1,800,000 pounds of papaya were checked and over 6,300,000  
14 pounds of coffee certified in fiscal year 2009.

15           The informational briefings raised a number of concerns  
16 regarding the potential impacts of the reduction in services for  
17 the department of agriculture's plant quarantine branch and  
18 commodities branch throughout the State, including the economic  
19 impacts.

20           For example, agriculture is a \$4,720,000,000 industry in  
21 Hawaii and accounts for 38,000 jobs or five per cent of the  
22 statewide total. The proposed layoffs affect not only growers,



1 but have a substantial "trickle down" effect on other related  
2 industries, such as packaging, fertilizer producers, etc.  
3 Larger agribusinesses may be able to pay for private inspectors,  
4 but small farmers will not be able to afford this alternative.

5 In addition, aquaculture is one of the fastest growing  
6 industry segments - valued at \$34,700,000 in 2008 - and cuts in  
7 inspector services will impact both imports and exports.  
8 Seafood inspections account for nearly the same volume as  
9 florals, and play a vital role in the stability of the  
10 restaurant industry. Hawaii's seed industry - valued at  
11 \$250,000,000 in annual spending and currently the leading  
12 commodity in the agricultural industry - faces a possible  
13 shutdown if inspectors are not available to process research  
14 imports and exports.

15 The purpose of this Act is to direct the legislative  
16 reference bureau to analyze and report on the economic impacts  
17 on businesses and communities, as a result of the reduction in  
18 services for the department of agriculture's plant quarantine  
19 branch and commodities branch.

20 SECTION 2. (a) The legislative reference bureau shall  
21 analyze the economic impacts on businesses and communities, as a  
22 result of the reduction in services for the department of



1 agriculture's plant quarantine branch and commodities branch  
2 throughout the State, including:

- 3 (1) The number and types of inspections, certification and  
4 auditing, registration and enforcement, and other  
5 services directly affected by the layoffs;
- 6 (2) The estimated annual dollar value of the loss to  
7 businesses and other entities;
- 8 (3) The estimated dollar value of the impact on other  
9 businesses and other providers of secondary goods and  
10 services;
- 11 (4) Other economic impacts, such as higher unemployment  
12 and reduced levels of services;
- 13 (5) The adequacy of the workforce prior to the current  
14 reductions;
- 15 (6) The impact on smaller areas, such as Kauai where the  
16 department is scheduled to lose the only office  
17 person, leaving farmers without a point of contact in  
18 order to schedule and coordinate inspections and other  
19 services and obtain information;
- 20 (7) Layoffs of aquaculture branch staff, and the resulting  
21 impacts on the industry; and



1 (8) Other financial impacts, particularly on communities  
 2 and businesses that previously relied on these  
 3 services.

4 (b) The legislative reference bureau shall consult with,  
 5 at minimum, the department of agriculture; the department of  
 6 business, economic development, and tourism; the counties; and  
 7 other government and private sector agencies as deemed  
 8 appropriate by the legislative reference bureau; and  
 9 legislators.

10 (c) The legislative reference bureau shall submit a report  
 11 of its findings, recommendations, and any proposed legislation  
 12 to the legislature no later than twenty days prior to the  
 13 convening of the regular session of 2011.

14 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY:

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**Report Title:**

Legislative Reference Bureau; Department of Agriculture's Plant Quarantine Branch and Commodities Branch; Layoffs

**Description:**

Directs the legislative reference bureau to analyze and report on the economic impacts on businesses and communities, as a result of the reduction in services for the department of agriculture's plant quarantine branch and commodities branch statewide.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

