

Honolulu, Hawaii

Feb 12, 2010

RE: H.B. No. 2290

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Agriculture, to which was referred H.B. No. 2290 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose of this bill is to support the operations of the Department of Agriculture (DOA), by, among other things:

- (1) Establishing the Agriculture Inspection and Certification Special Fund (Fund) to be used for the inspection, certification, weighing, or grading of agricultural commodities exported from or shipped within the state;
- (2) Depositing certain fees, civil penalties, and other moneys collected and received by DOA into the Fund;
- (3) Allowing DOA to enter into agreements with government and private agencies to hire and pay temporary inspectors to perform certification and audit services;
- (4) Repealing the Certification Services Revolving Fund, and transferring all the moneys to the Fund and requiring all unpaid obligations to become payable from the Fund; and



- (5) Requiring the establishment or increase of certain fees to cover the operation and maintenance costs of agriculture inspection and certification programs, and central services and departmental administrative expense assessments.

The Hawaii Farm Bureau Federation, Hawaii Crop Improvement Association, Hawaii Papaya Industry Association, Monsanto Hawaii, and a concerned individual testified in support of this bill. DOA and the Department of Budget and Finance offered comments.

Your Committee has amended this bill by, among other things:

- (1) Establishing the Fund in Chapter 147, Hawaii Revised Statutes (HRS), relating to grades and standards, rather than Chapter 141, HRS, relating to DOA;
- (2) Designating funds received for food safety or food security certification seals, and funds received for promoting safety-certified food suppliers and services related to food safety, to be deposited into the Fund;
- (3) Allowing Fund moneys to be used for:
 - (A) The licensure of commission merchants, dealers, brokers, agents, processors, and retail merchants;
 - (B) The administration, operation, and enforcement of Chapter 144 (relating to feeds), part I of Chapter 145 (relating to regulation of dealers in farm produce), and Chapter 147, HRS; and
 - (C) The inspection, certification, weighing, or grading of agricultural commodities that are to be imported into the state;
- (4) Requiring fees collected from the inspection of feeds, and fees, charges, expenses, fines, and other moneys related to the regulation of dealers in farm produce to be deposited into the Fund;
- (5) Clarifying that the Board of Agriculture may designate only DOA employees or agents who are appropriately certified as inspectors for flowers and foliage;

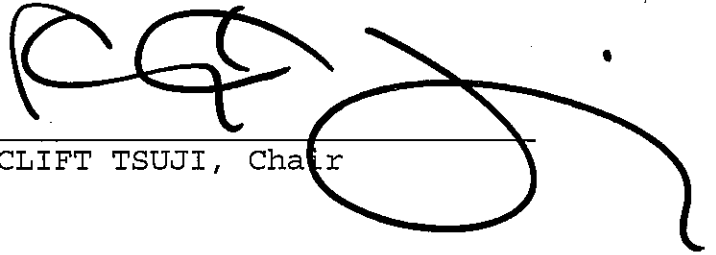


- (6) Removing the specification that the inspectors who may be hired and paid to perform certification and audit services through cooperative agreements between DOA and government and private agencies, be temporary;
- (7) Allowing DOA and government and private agencies to, through cooperative agreements:
 - (A) Maintain food safety; and
 - (B) Establish and maintain an Internet food safety promotional and reporting system;
- (8) Requiring the adoption or amendment of rules by DOA to impose or increase fees for inspection of feeds and regulation of dealers in farm produce;
- (9) Requiring the fees established by DOA to cover the operation and maintenance costs of agriculture inspection and certification programs, and central services and departmental administrative expense assessments, to be implemented through a two-tiered increase;
- (10) Specifying the fees to be charged, if DOA has not already imposed or increased the fees by September 30, 2010, as follows:
 - (A) For inspections and certifications, \$65 per hour or as established under cooperative agreement with the United States Department of Agriculture or other governmental agencies; and
 - (B) For licensure of or license renewal for a commission merchant, dealer, broker, agent, processor, or retail merchant: \$80 for a commission merchant, dealer, broker, agent, or processor; \$20 for a retail merchant; and \$10 for each branch store;
- (11) Appropriating \$1,400,000 from the general fund of the State for fiscal year 2010-2011 for DOA's agriculture inspection and certification program; and
- (12) Making technical, nonsubstantive amendments for clarity, consistency, and style.



As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2290, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2290, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Agriculture,



CLIFT TSUJI, Chair



