

Honolulu, Hawaii

Feb 12, 2010

RE: H.B. No. 2294
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. 2294 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose of this bill is to amend the agricultural inspection and biosecurity laws by:

- (1) Changing the pest inspection, quarantine, and eradication service fee (Fee) to a tax;
- (2) Making the Department of Taxation (DOTAX) responsible for collecting the tax;
- (3) Requiring fees and fines resulting from agricultural inspection to be deposited into the Pest Inspection, Quarantine, and Eradication Fund (PIQEF); and
- (4) Repealing the Permit Revolving Fund and Microorganism Import Certification Revolving Fund, and transferring the money from those funds into the PIQEF.

The Hawaii Farm Bureau Federation, Hawaii Crop Improvement Association, Coordinating Group on Alien Pest Species, and Monsanto Hawaii testified in support of this bill. Alexander and Baldwin, Inc.; Hawaiian Cement; and Grace Pacific Corporation supported this measure with amendments. The Subcontractors



Association of Hawaii opposed this bill. The Department of Agriculture (DOA), Tax Foundation of Hawaii, and The Nature Conservancy of Hawaii provided comments.

Your Committee notes concerns that changing the service fee to a tax may conflict with federal laws, such as the Anti-Head Tax Act. No additional funds have been allocated for this additional duty of DOTAX. And there would be a disconnect between the collection of the tax by DOA and the inspection services provided by DOA.

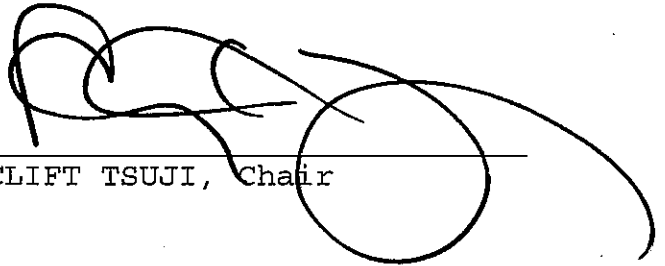
Your Committee has amended this bill by:

- (1) Imposing late fees for failure to pay the Fee, and fines for not paying the late fees;
- (2) Adding definitions of "aggregate bulk freight" and "coal bulk freight" and including them as exempt from the fee;
- (3) Including biosecurity in the list of services provided by DOA;
- (4) Increasing the expenditures of the PIQEF to include training and education of inspectors, the processing and issuance of permits and microorganism certificates, and monitoring of permitted and certified plants and animals;
- (5) Adjusting the timeline for payment of the fee;
- (6) Changing the tax back to a Fee and making DOA responsible for collecting the Fee;
- (7) Requiring that fees for nursery stock certification be deposited into the PIQEF;
- (8) Establishing a fee schedule for services, including inspection, certification, treatment or destruction of infestations, quarantine, and storage; and
- (9) Appropriating \$10,000,000 from the PIQEF for fiscal year 2010-2011.



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. 2294, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2294, H.D. 1, and be referred to the Committee on Finance.

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



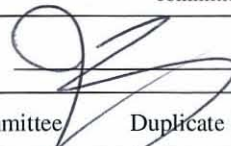
CLIFT TSUJI, Chair



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

HR 393-10

Record of Votes of the Committee on Agriculture

Bill/Resolution No.: HB 2294	Committee Referral: AGR, FIN	Date: 2-3-10		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
AGR Members	Ayes	Ayes (WR)	Nays	Excused
1. TSUJI, Clift (C)	✓			
2. WOOLEY, Jessica (VC)	✓			
3. BERG, Lyla B.	✓			
4. CHOY, Isaac W.	✓			
5. EVANS, Cindy	✓			
6. MANAHAN, Joey	✓			
7. McKELVEY, Angus L.K.	✓			
8. TAKAI, K. Mark	✓			
9. TOKIOKA, James Kunane	✓			
10. WAKAI, Glenn	✓			
11. MARUMOTO, Barbara C.	✓			
TOTAL (11)	11			
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				