

Honolulu, Hawaii

MAR 18 2010

RE: H.B. No. 2294
H.D. 2
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Water, Land, Agriculture, and Hawaiian Affairs, to which was referred H.B. No. 2294, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose of this measure is to make various amendments to the agricultural inspection and biosecurity laws to provide a dedicated source of funding for the inspection, quarantine, biosecurity, and eradication programs of the Department of Agriculture.

Specifically, this measure:

- (1) Expands the use of moneys in the pest inspection, quarantine, and eradication fund (special fund) to include biosecurity services and other services provided under chapter 150A, Hawaii Revised Statutes;
- (2) Authorizes all fees and fines imposed under chapter 150A, Hawaii Revised Statutes, to be deposited into the special fund;
- (3) Repeals the permit revolving fund and microorganism import certification revolving fund and transfers the moneys and obligations of these funds to the special fund;



- (4) Provides that the fee for inspection, quarantine, and eradication of invasive species in freight does not apply to aggregate bulk freight, cement bulk freight, coal bulk freight, or liquid bulk freight;
- (5) Establishes fines for failure to pay or remit the fee for inspection, quarantine, and eradication of invasive species in freight; and
- (6) Requires the Department of Agriculture to impose or increase fees under chapter 150A, Hawaii Revised Statutes, by rule to levels sufficient to pay the costs of programs under the chapter and provides statutory fee rates in the event that the Department fails to adopt rules.

Testimony in support of the measure was submitted by four organizations and one individual. One state agency and three organizations support the intent. With regard to the exemption for certain types of bulk freight, four organizations support the exemption, one organization supports the intent, and one organization opposes it. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that adequate funding for the control and prevention of invasive species has been lacking for too long. Hawaii residents, businesses, and agricultural operations are left to pay for the expenses of inspection and eradication. Your Committee has been informed that an estimate from a reliable source pegs the costs to taxpayers at upwards of \$400 million annually. Act 3, Special Session Laws of Hawaii 2008, enacted revisions to the inspection, quarantine, and eradication service fee and charge, codified as section 150A-5.3, Hawaii Revised Statutes, to add inspections of air freight. However, Act 3 did not provide for fines for nonpayment of those fees and charges. This measure addresses that statutory deficit.

Your Committee further finds that this measure provides a narrow exemption from the inspection, quarantine, and eradication service fee and charge for certain kinds of bulk freight, which are inherently unlikely to carry invasive species and are subject to federal inspections. Cement bulk freight is pre-processed aggregate and sand that meets stringent requirements of the American Society of Testing Materials, and typically takes up an entire bulk freighter, which is a ship specially designed to



transport unpackaged bulk freight. Prior to leaving for the State, the bulk freight goes through a sampling and inspection process to ensure clearance by the United States Department of Agriculture Animal and Plant Health Inspection Service upon arrival. Similarly, crushed granite aggregate used in hot-mix asphalt involves the excavation of glacial deposits of granite with large scrapers, and then the crushing and washing to the finished product specifications. These processes are subject to strict quality control standards designed to detect and prevent deleterious and organic material in the finished product.

Your Committee supports the Department of Agriculture's inspection, quarantine, biosecurity, and eradication programs, however, is concerned about making drastic, fundamental changes to the structure of chapter 150A, Hawaii Revised Statutes. During these difficult times when funding sources are scarce, your Committee hopes to help the Department of Agriculture maintain inspection, quarantine, biosecurity, and eradication services without jeopardizing the future functioning of the Department.

Your Committee has amended the measure by replacing its contents with:

- (1) The contents of S.B. No. 2523, S.D. 1, which exempts bulk freight of foreign origin from the inspection, quarantine, and eradication service fee and charge; and
- (2) The contents of S.B. No. 2236, S.D. 1, which establishes fines for failing to pay, bill, or remit the inspection, quarantine, and eradication fee,

which were previously heard and adopted by your Committee.

Your Committee further amended the measure by making the sections relating to the exemption of bulk freight effective retroactive to July 1, 2007.

As affirmed by the record of votes of the members of your Committee on Water, Land, Agriculture, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2294, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2294, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Water, Land,
Agriculture, and Hawaiian
Affairs,




CLAYTON HEE, Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Water, Land, Agriculture and Hawaiian Affairs
WTL

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2294, HD2	WTL, WAM	3-12-10		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	/			
TOKUDA, Jill N. (VC)				/
BUNDA, Robert	/			
FUKUNAGA, Carol				/
KOKUBUN, Russell S.	/			
TAKAMINE, Dwight Y.	/			
HEMMINGS, Fred				/
TOTAL	4			3
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes