

Honolulu, Hawaii

April 1, 2010

RE: S.B. No. 2523
S.D. 2
H.D. 2

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

Sir:

Your Committee on Finance, to which was referred S.B. No. 2523, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURAL INSPECTIONS,"

begs leave to report as follows:

The purpose of this bill is to make various changes to agricultural inspection, quarantine, and eradication laws by:

- (1) Imposing fines for failure to timely pay, bill, or remit the Inspection, Quarantine, and Eradication Service Fee (Service Fee) and waiving Service Fees accrued prior to the effective date of this bill that are exempted by the bill;
- (2) Adding definitions of "aggregate bulk freight", "cement bulk freight", "coal bulk freight", and "liquid bulk freight";
- (3) Clarifying and expanding the uses of the Pest Inspection, Quarantine, and Eradication Fund (Fund);
- (4) Exempting certain aggregate, cement, coal, and liquid bulk freight from the Service Fee;
- (5) Specifying that fees charged for certain inspections and certification be deposited into the Fund;



- (6) Repealing the Permit Revolving Fund and Microorganism Import Certification Revolving Fund and transferring those moneys into the Fund;
- (7) Establishing a fee schedule for Department of Agriculture (DOA) inspections and certification to be implemented on October 1, 2010, if DOA has not adopted or amended existing rules regarding the Service Fee by September 30, 2010; and
- (8) Appropriating funds from the Fund for DOA to use for purposes of the Fund.

DOA; the Hawaii Farm Bureau Federation; Alexander & Baldwin, Inc.; Matson Navigation Company, Inc.; Monsanto Hawaii; Hawaii Crop Improvement Association; the Nature Conservancy of Hawaii; Hawaiian Cement; and Grace Pacific Corporation supported this bill. The Department of the Attorney General, Conservation Council for Hawaii, and AES Hawaii, Inc., provided comments.

Your Committee has amended this bill by:

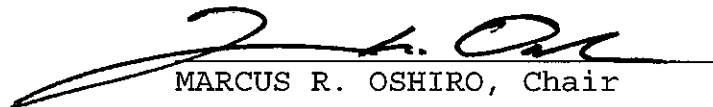
- (1) Deleting language stipulating that the repeal of the Permit Revolving Fund and Microorganism Import Certification Revolving Fund shall not rescind any fees authorized or imposed under those sections that would have been deposited into those funds;
- (2) Deleting language stipulating that from July 1, 2010, the fees under (1) above shall be deposited into the pest inspection, quarantine, and eradication fund;
- (3) Clarifying the manner in which inspections during regular work hours conducted away from the port or department office are to be conducted to be subject to the inspection fee;
- (4) Clarifying that certain fees are for services performed by, or the use of facilities operated by, DOA's Plant Quarantine Branch;
- (5) Deleting language waiving all inspection, quarantine, and eradication fees on aggregate bulk freight, cement bulk freight, coal bulk freight, and liquid bulk freight that accrue prior to the effective date of this bill;



- (6) Deleting the provision appropriating an unspecified sum out of the Pest Inspection, Quarantine, and Eradication Fund;
- (7) Making the exemption from inspection, quarantine, and eradication service fees and charges for aggregate bulk freight, cement bulk freight, coal bulk freight, and liquid bulk freight retroactive to July 1, 2007; and
- (8) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2523, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2523, S.D. 2, H.D. 2.

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


MARCUS R. OSHIRO, Chair



