

Honolulu, Hawaii

Ag: 1 1, 2010

RE: S.B. No. 2527
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. 2527, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose of this bill is to allow the agricultural commodities inspection, certification, weighing, grading, and licensing activities of the Department of Agriculture (DOA) to be funded exclusively through fees, penalties, and other moneys collected by DOA under these programs by, among other things:

- (1) Broadening the definition of "agricultural commodity" to include milk or meat which has been produced in the state, and certain animals;
- (2) Establishing the Agricultural Inspection and Certification Special Fund (Special Fund) to be used by DOA for inspection, certification, weighing, or grading of agricultural commodities and related licensing;
- (3) Requiring all fees, charges, and penalties collected by DOA for these activities to be deposited into the Special Fund;



- (4) Repealing the Certification Services Revolving Fund and transferring its moneys and unpaid obligations as of June 30, 2010, to the Special Fund;
- (5) Allowing DOA to enter into agreements with government and private agencies to hire inspectors to provide certification and audit services;
- (6) Requiring DOA to adopt rules to impose or increase fees sufficient to pay the cost of agricultural inspection and certification; and
- (7) Appropriating general funds to the Special Fund to be used for agricultural inspection and certification of various agricultural commodities until fees and other moneys collected are sufficient to fund these activities.

DOA, the Hawaii Cattlemen's Council, Ka'u Coffee Growers Cooperative, Monsanto Hawaii, Ka Lei Eggs, Hawaii Farm Bureau Federation, Hawaii Crop Improvement Association, Asagi Hatchery, Inc., and several concerned individuals supported this bill. The Department of Budget and Finance and Hawaii Government Employees' Association, AFSCME Local 152, AFL-CIO provided comments.

Your Committee has amended this bill by designating its inspection and certification provisions as part I, adding the substance of H.B. No. 2293, H.D. 1 as part II, and adding the substance of H.B. No. 2291, H.D. 2, as part III. As amended:

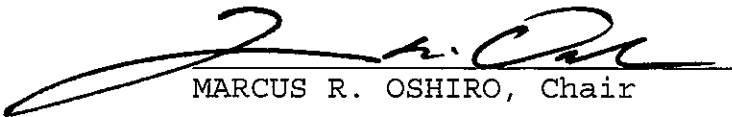
- (1) Part II establishes a DOA Staffing Special Fund into which a portion of payments received under the Agricultural Loan Program is to be deposited to pay DOA personnel salary, fringe benefits, and operating costs previously paid from the general fund; and
- (2) Part III establishes a Weights and Measures Special Fund, requires DOA to adopt or increase fees by rule sufficient to fund the Measurement Standards Program, and sets a default fee for the program in the event new fees are not adopted.

Technical, nonsubstantive amendments were also made 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. 2527, 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. 2527, S.D. 2, H.D. 2.

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


MARCUS R. OSHIRO, Chair



