

NEIL ABERCROMBIE
Governor



State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512

RUSSELL S. KOKUBUN
Chairperson, Board of Agriculture

JAMES J. NAKATANI
Deputy to the Chairperson

TESTIMONY OF RUSSELL S. KOKUBUN
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON FINANCE

THURSDAY, FEBRUARY 24, 2011
12:00 P.M.
CONFERENCE ROOM 308

HOUSE BILL NO. 865 HD1
RELATING TO INSPECTION FEES

Chairperson Oshiro and Members of the Committee:

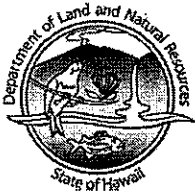
Thank you for this opportunity to provide testimony on House Bill No. 865 HD1,
Relating to Inspection Fees.

The purpose of this Act is to increase the fee assessed for the inspection, quarantine, and eradication of invasive species contained in any freight from 50 cents to \$1 for every 1,000 pounds of freight brought into the State. The Plant Quarantine Branch's inspection and Biosecurity program is the only mitigation at the ports statewide for invasive pest introductions. While the Department is inclined to support further discussion about the intent of this bill, we decline to comment at this time due to on-going litigation.

Thank you for the opportunity to testify on this measure.



NEIL ABERCROMBIE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

WILLIAM J. AILA, JR.
INTERIM CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

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HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

**Testimony of
WILLIAM J. AILA, JR.
Chairperson**

**Before the House Committee on
FINANCE**

**Thursday February 24, 2011
12:00 PM
State Capitol, Conference Room 308**

**In consideration of
HOUSE BILL 865, HOUSE DRAFT 1
RELATING TO INSPECTION FEES**

House Bill 865, House Draft 1 increases the fee assessed for the inspection, quarantine, and eradication of invasive species from 50 cents to \$1 for every 1,000 pounds of freight brought into the State. The Department of Land and Natural Resources (Department) strongly supports this increase. The Department asks however that this measure be amended to restore the "upon approval" effective date.

The State's authority to adequately finance inspection of incoming cargo is critical to protecting Hawaii residents, resources, air passengers, and airport facilities against harmful cargo arriving in the State. This fee and funding mechanism is increasingly important and critical as other funding sources diminish, to support the basic core inspector program and provide salaries to retain inspectors within the Department of Agriculture. The proposed fee increase is reasonable as it is imposed on marine commercial container shipment, air freight, or any other means of transporting freight, foreign or domestic, but does not include aggregate bulk freight, cement bulk freight, coal bulk freight, or liquid bulk freight, that is brought into the State.



Hawaii Farm Bureau

F E D E R A T I O N

2343 Rose Street, Honolulu, HI 96819
PH: (808)848-2074; Fax: (808) 848-1921

February 24, 2011

TESTIMONY

Re: HB865 HD1 RELATING TO INSPECTION FEES

Chair Oshiro and Members of the Committee

Hawaii Farm Bureau Federation on behalf of our commercial farm and ranch families and organizations on the island **conditionally supports** the increase the inspection fees from 50 cents to one dollar.

HFBF appreciates the leadership provided by this body to develop and implement an invasive species program in Hawaii in the form of the Hawaii Biosecurity Plan. Recently, we see the derailment of the program due to lack of funds. There have been a flurry of news articles recently, drops in bee population, lizards that could threaten endangered species if established, mosquitoes that could carry malaria ... could any of this be prevented? Malaria in Hawaii ... what will that do to a tourist driven economy? No bees? So much for increased self sufficiency.

The lost services are impacting our economy, environment as well as future. At the same time, we also are extremely concerned about the impact of this raise in fees to everyone.

The broad impacts of invasive species make it a logical **general funded item**. We understand the fiscal constraints of the body at this time. Decisions separating critical from just important functions need to be done. And, who should pay? Should it be spread out among everyone or limited to a certain sector? This measure spreads the costs across the population – this is fair, as everyone will share in the benefits.

HFBF strongly believes that funding of the inspectors should be through General Funds. IF that is not possible, this measure will provide the funding mechanism to carry out this critical function.

Any increase in funds should be used to address short term needs for the State. If the amount is increased, we respectfully request language identifying use of funds and specifically those that will clearly result in short term benefits such as the restoration of inspector positions or use for critical irrigation infrastructure.

We therefore ask that this measure be **passed with a defective date** so more information about the condition of the State's budget is understood before further decisions are made.

Thank you for this opportunity to provide our opinion on this important matter. If there are questions, please contact Warren Watanabe at 2819718.

**HB 865 HD1
RELATING TO INSPECTION FEES**

**PAUL T. OSHIRO
MANAGER – GOVERNMENT RELATIONS
ALEXANDER & BALDWIN, INC.**

FEBRUARY 24, 2011

Chair Marcus Oshiro and Members of the House Committee on Finance:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) and Matson Navigation Company, Inc. (a subsidiary of A&B) on HB 865 HD1, "A BILL FOR AN ACT RELATING TO INSPECTION FEES." We sincerely appreciate the opportunity to provide comments on this bill.

In 2008, amendments were enacted to broaden the scope of the invasive species user fee from one that assessed fees only on freight brought into Hawaii by maritime containers to one that assessed fees on all modes by which commercial freight is brought into the State, including air and maritime containerized and non-containerized freight. We support the present broad based application of the invasive species user fee that requires all transporters to pay for these inspection services through the payment of this fee.

Matson has dedicated a considerable amount of time, effort, and expense to implement the assessment, collection, and disbursement of this new fee by the effective date of August 1, 2008. We were successful in starting up the collection of this new fee by the effective date and have since been diligently proceeding with its implementation.

This bill increases the amount of the invasive species user fee to provide additional funding for the Hawaii Biosecurity Program. We understand that this program consists of several components that are necessary to comprehensively control the infestation of invasive species in the State of Hawaii. In that this multi-faceted program also includes several initiatives outside of port of entry inspections, your continued consideration to provide a broad based source of funding for this program, in addition to funds derived from the invasive species user fee, would be greatly appreciated.

Your consideration is greatly appreciated.



Testimony of The Nature Conservancy of Hawai'i
Supporting the Intent of H.B. 865 HD1 Relating to Inspection Fees
House Committee on Finance
Thursday, February 24, 2011, 12:00PM, Rm. 308

The Nature Conservancy of Hawai'i is a private non-profit conservation organization dedicated to the preservation of Hawai'i's native plants, animals, and ecosystems. The Conservancy has helped to protect nearly 200,000 acres of natural lands for native species in Hawai'i. Today, we actively manage more than 32,000 acres in 10 nature preserves on Maui, Hawai'i, Moloka'i, Lāna'i, and Kaua'i. We also work closely with government agencies, private parties and communities on cooperative land and marine management projects.

The Nature Conservancy supports the intent of H.B. 865 HD 1 proposing to increase the invasive species cargo inspection fee from 50¢ to \$1.00 for every 1,000 lbs. of cargo. However, we are concerned about both the perception and effect on Hawai'i businesses and consumers by doubling the fee at this time and in this economy.

Invasive weeds, insects, diseases, snakes, and other pests are one of the greatest threats to Hawai'i's economy, agriculture, natural environment, and the health and lifestyle of its people. The HDOA has developed a multi-faceted Biosecurity Plan to enhance its invasive species prevention efforts with more inspectors, more efficient and effective inspection services, improved inspection facilities, and agreements with importers and producers for improved sanitary protocols before items are shipped to Hawai'i. The Legislature's ongoing policy and financial support of the Biosecurity Plan has been essential to its implementation.

The Hawai'i Department of Agriculture (HDOA) has indicated that current cargo fee collections of approximately \$3.1 million annually are insufficient to cover the necessary inspection requirements at Hawai'i's air and sea ports to prevent pests from entering the state. This shortfall is exacerbated by reductions in the department's general fund allocation.

The Nature Conservancy strongly supports reasonable service fees, and meaningful fines for failure to pay such fees, for the HDOA's invasive species inspection, quarantine and eradication activities. This is an appropriate way to support the critical functions of the HDOA to protect our economy, environment, health, and lifestyle from the introduction and spread of pests and diseases. However, we acknowledge that doubling the fees at this time may be a difficult burden for Hawai'i's businesses and residents.

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House of Representatives
Committee on Finance
Thursday, February 24, 2011
12:00 p.m., Conference Room 308
State Capitol

Testimony in Support of HB 865 HD1

Aloha Chair Oshiro, Vice Chair Lee, and Members of the Committee,

The Coordinating Group on Alien Pest Species **supports HB 865 HD1, Relating to Inspection Fees.** Invasive species arrive in Hawai'i via ships and airplanes, primarily hitchhiking on imported cargo. Inspection and quarantine work at the ports is necessary and cost effective, and CGAPS appreciates the legislature's leadership over the years in addressing Hawai'i's biosecurity needs at ports.

The Pest Inspection, Quarantine, and Eradication Fund is inadequate to fund all current or necessary numbers of inspectors, or to begin building joint Federal/State inspection facilities at ports, and the loss of general funds leaves the Hawai'i Department of Agriculture few options. CGAPS also recognizes the importance of public support for this important program and the potential impact of doubling the inspection fee at this time may create new challenges. However, looking at the drastic reduction in pest interceptions post-RIF, clearly something needs to be done. If restoring general funds is not possible, this increase is necessary to averting additional RIFs in March 2012.

Mahalo for your time and consideration.

Aloha,

Christy Martin
Coordinating Group on Alien Pest Species (CGAPS)
Ph: (808) 722-0995



House of Representatives
Committee on Finance
Thursday February 24th, 2011
12:00 p.m., Conference Room 308
State Capitol
415 Beretania Street

Testimony in Support of HB 865

Aloha Chair Oshiro, Vice Chair Lee, and Members of the Committee,

The O'ahu Invasive Species Committee **supports HB 865, Relating to Inspection Fees**. HDOA inspectors are the state's first defense against invasive species. HDOA inspectors are not funded in the Governor's budget package and so this bill is the only available way to retain the inspectors that Hawai'i has. Not funding inspections now will only cost more in the long run. For example, an economic study on the Red Imported Fire Ant calculated that its introduction and establishment could cost the state 2.5 billion dollars over 20 years. This includes lost profits from the tourism and golf industries and increased control costs. The Red Imported Fire Ant, or RIFA, has a nasty sting that can kill young deer and send some people to the hospital. And, they have just made their way into California. At this point, there is nothing to stop them from coming to Hawai'i except HDOA inspectors.

HDOA says that if inspectors aren't funded, there will be more layoffs. The neighbor islands are already down to one or two inspectors at the most. The state cannot afford to lose more inspectors.

Although some may view this fee as another economic burden on shippers or the public, it is better than allowing in a pest that could wipe out an industry or harm our natural resources. Pests on crops like banana, taro and papaya are on Hawai'i's doorstep and could wipe out an industry if not caught. Pests of forests trees could destroy the watershed, increasing erosion and decreasing the island's water supply. The costs to the citizens of Hawai'i will be much greater if inspectors are not funded. Thank you for the opportunity to testify.

Rachel Neville

Operations Manager
O'ahu Invasive Species Committee

**HAWAII FOREST INDUSTRY ASSOCIATION**

P. O. Box 5594 ❖ Kailua-Kona, HI 96745-5594

Phone: 808-933-9411

Email: hawaii.forest@hawaiiantel.netWebsite: www.hawaiiforest.org

February 22, 2011

TESTIMONY IN SUPPORT HB865, HD1: RELATING TO INSPECTION FEES

Dear Chair Marcus Oshiro, Vice Chair Marilyn Lee, Representatives Pono Chong, Isaac Choy, Denny Coffman, Ty Cullen, Sharon Har, Mark Hashem, Linda Ichiyama, Jo Jordan, Chris Lee, Dee Morikawa, James Tokioka, Kyle Yamashita, Barbara Marumoto, Gill, Riviere, Gene Ward:

Thank you for the opportunity to testify in support of HB865, HD1, Relating to inspection fees.

HFIA supports the intent of H.B. 865, HD1 proposing to establish an increase the invasive species cargo inspection fee from 500 to \$1.00 for every 1,000 lbs. of cargo. However, we would also like to express our concerns about the effect of the increase on Hawai'i businesses and consumers by doubling the fee at this time and in this economy.

Invasive weeds, insects, diseases, snakes, and other pests are one of the greatest threats to Hawaii's economy, agriculture, natural environment, and the health and lifestyle of our people. The HDOA has developed a multi-faceted Biosecurity Plan to enhance its invasive species prevention efforts with more inspectors, more efficient and effective inspection services, improved inspection facilities, and agreements with importers and producers for improved sanitary protocols before items are shipped to Hawai'i. The Legislature's ongoing policy and financial support of the Biosecurity Plan has been essential to its implementation.

The Hawai'i Department of Agriculture (HDOA) current cargo fees of approximately \$3.1 million annually are insufficient to cover the necessary inspection requirements at Hawai'i's air and sea ports to prevent pests from entering the state. This shortfall is exacerbated by reductions in the department's general fund allocation. HFIA supports reasonable service fees and fines for failure to pay such fees. We feel this is an appropriate way to support these critical functions of the HDOA, but are concerned about the impact of the fees to Hawai'i businesses in the current economic climate. We urge the careful consideration of the timing of its implementation and the level of the increase.

HFIA is a non-profit Hawai'i organization, incorporated in 1989, which promotes a balance of forest land uses and sound management practices for all of Hawaii's forests. Our industry generates over \$35 million in business for the State, through the products and services of approximately 250 member companies and individuals. We have worked closely with the

Division of Forestry and Wildlife (DOFAW) and the DLNR over the past 17 years to promote, foster and develop industry standards, initiate forestry research and development, and promote quality control and industry integrity in the State of Hawai'i.

Sincerely,

Tai Lake
Chairman of the Board

Heather Gallo
Executive Director

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Increase invasive species inspection fee

BILL NUMBER: HB 865, HD-1

INTRODUCED BY: House Committee on Agriculture

BRIEF SUMMARY: Amends HRS section 150A-5.3 to increase the invasive species inspection fee from 50 cents to \$1.00 for every 1,000 pounds of freight brought into the state.

EFFECTIVE DATE: July 1, 2020

STAFF COMMENTS: The legislature by Act 9, SSLH 2007, adopted an inspection fee of \$1 for each 20-foot equivalent per maritime container for the inspection, quarantine, and eradication of invasive species in any marine commercial container shipment. In 2008, the legislature by Act 3, SSLH 2008, replaced the \$1 fee charged for each 20-foot equivalent unit per marine commercial container with a fee of 50 cents for every 1,000 pounds of freight brought into the state. This measure would increase the fee to \$1.00 for every 1,000 pounds of freight brought into the state.

It should be remembered that since Hawaii is an island state, all goods must either be transported by air or water making the cost of transporting those goods more costly as compared to the lower 48 states where goods may be transported by ground transportation. Any additional cost imposed on the transportation of goods into the state will be passed on and be reflected in the higher prices of goods.

While the fee is deposited into the pest inspection, quarantine, and eradication fund, it represents yet another "tax" to fund a special program as opposed to using general funds to fund such a program. Thus, in one sense, attacking this problem with a fee is an indication that this is not a problem of high priority so as to garner general fund financing, it is also a way for lawmakers to avoid being held accountable for growing government even larger and allowing government to grow beyond its means and the ability of the taxpayer to afford government in Hawaii. Note well, that the new fee is imposed on freight coming into the state and, as such, the cost of the fee will be buried in the cost of all goods and services purchased by consumers and businesses in Hawaii. The marked propensity of the legislature to resort to user fees when programs that are of a general benefit should be funded with general funds is an indication that this program is not of a high priority to most lawmakers.

Finally, it should be noted that while the proposed increase in the fee will perpetuate the use of non-general fund financing of these programs, if the legislature deems this program of great importance, the program should be funded with general funds rather than buried in the gamut of special funds out of view of the general public.

That said, based on the testimony presented to the subject committee there does not seem to be an accurate accounting of the amount of revenue generated by the current 50 cents per 1,000 pound fee and the demands of the program. Although the amount of resources is described by some witnesses as

“insufficient” there does not appear to be any public accounting of the current fee. The most recent data for the department of agriculture appears to be for FY 2008. When and until an accurate accounting of this fee can be presented, any increase is premature given the latest change in the fee rate was enacted by the 2008 legislature.

Again, this is the problem with trying to set a fee for a program for which there is no accurate measure of the demand for the services needed. To that extent, this program should be funded by the general fund appropriation process so lawmakers can evaluate the needs of the program and give it the resources the program needs to carry out its mission and objectives. This is the weakness of special fund financing.

Digested 2/23/11

MONSANTO HAWAII.
94-520 KUNIA ROAD
KUNIA, HAWAII 96759

TESTIMONY BEFORE THE
HOUSE COMMITTEE ON FINANCE

FEBRUARY 24, 2011
12:00 PM

TESTIMONY ON HB 865, HD 1
RELATING TO INSPECTION FEES

Aloha Chair Oshiro and committee members:

My name is Alan Takemoto, Community Affairs Manager for Monsanto Hawaii. We support HB 865, HD 1 and agree with the amendments provided by the Hawaii Farm Bureau.

Protecting our agricultural industry from unwanted and invasive pests and diseases is paramount to the success of our farmers and ranchers. Once an unwanted pest or disease enters our farming community, it will have far reaching and negative economic impacts as the State will have to contend with control measure in the field as well as the farmers will have to expend more resources for controlling these pests or diseases. Ultimately, it will cost the State more to implement control measures than to stop it at the ports. The most effective way is to stop it at our ports of entry. The Hawaii Biosecurity Plan provides for a more comprehensive approach to addressing our invasive species problems impacting our agricultural industry statewide.

While it is our preference that the agricultural inspectors be funded thru the general fund, we support this bill as an option to increase the fees to adequately support our agricultural inspection program.

Thank you for the opportunity to provide this testimony.

TO: Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair
House Committee on Finance

FROM: Mary Ikagawa, Kailua

RE: In SUPPORT of HB 865. Increases the fee assessed for the inspection, quarantine and eradication of invasive species. Scheduled to be heard by FIN on Thursday, 02-24-11 12:00 PM in House conference room 308

Effective control of invasive species requires an uninterrupted funding stream, and the user fees proposed are not unreasonable. Given that the effective date of 2020 allows time to assess the direction of the economy, I believe the measure should pass.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 24, 2011 9:47 AM
To: FINTestimony
Cc: misc@hawaii.edu
Subject: Testimony for HB865 on 2/24/2011 12:00:00 PM

Testimony for FIN 2/24/2011 12:00:00 PM HB865

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: Teya Penniman
Organization: Maui Invasive Species Committee
Address:
Phone:
E-mail: misc@hawaii.edu
Submitted on: 2/24/2011

Comments:

The Maui Invasive Species Committee supports HB 865. This bill provides an important source of revenue for inspectors at the Hawaii Department of Agriculture. Our inspection capacity at airports and harbors has been disproportionately impacted by cuts to HDOA during the last two years. This bill provides the mechanism to restore vitally needed positions and ensure the long-term capacity to respond to the ongoing introduction of highly damaging pests to our shores. Please pass this bill. Thank you for your consideration. Teya Penniman