

HB 1483

HD1, SD1

NEIL ABERCROMBIE
Governor



RUSSELL S. KOKUBUN
Chairperson, Board of Agriculture

JAMES J. NAKATANI
Deputy to the Chairperson

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

TESTIMONY OF RUSSELL S. KOKUBUN
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE
ON
WAYS AND MEANS

WEDNESDAY, MARCH 30, 2011
9:30 A.M.
ROOM 211

HOUSE BILL NO. 1483, H.D. 1, S.D. 1
RELATING TO THE MOLOKAI IRRIGATION SYSTEM

Chairperson Ige and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 1483, H.D. 1, S.D.1. The purpose of this bill is to direct the Department of Agriculture (DOA) to provide water to Molokai Irrigation System (MIS) users who lease tracts of land under Section 207 of the Hawaiian Homes Commission Act, 1920, as amended, at a reduced rate. It also requires the DOA to forgive past due bills for the provision of irrigation water for Molokai homestead farmers. The department respectfully opposes Section 2(b) of the bill requiring the DOA to forgive all amounts owed by any Molokai homestead farmer for the provision of irrigation water that are past due as of the effective date of this Act. We offer comments regarding irrigation water at a reduced rate for homesteaders.

The MIS is part of the State's Irrigation System Revolving fund (Fund). Due to the nature of a revolving fund, this fund is meant to be self-sufficient but a combined effort between the administration, legislature, and board of agriculture resulted in a general fund supplement in order to keep irrigation water rates artificially low to encourage agricultural development. It is only with this supplement that the Fund is able to remain solvent. As an alternative to forgiving the debt and having the department request additional support, the department respectfully requests that the legislature appropriate additional general funds to the department to specifically cover the outstanding debt.



The outstanding balance owed by the system's homesteaders is over \$350,000 and represents over 80% of the current delinquency balance owed on the MIS. A legislative audit performed on the MIS in 2007 identified the outstanding receivables as a concern that needed to be addressed. In an acknowledgement of the high outstanding balances, the department has been working with the Molokai Irrigation System Water Users Advisory Board to draft collection procedures and policies that are enforceable and fair. A partial balance waiver has been discussed in recognition that a collection agency would only return a portion of the outstanding balance and keep the rest as payment. For the rest of the outstanding debt, a repayment plan is being proposed for the account holder. The repayment plan, in combination with having a portion of the balance forgiven, would be contingent upon an agreement with the account holder that all usage from the date the repayment plan is executed, would be paid in full, when due at the end of the month.

An appropriation to reduce the monthly cost for the delivery of irrigation water seems feasible given the language in Section 2(a), combined with Section 3. A maximum percentage of 50% will lower the delivery fee to \$0.25/1,000 gallons for the 2012 fiscal year. We also respectfully recommend that the delivery fee go no lower than \$0.25/1,000 gallons of water delivered as anything less may encourage waste. The Agricultural Resource Management Division estimates that \$55,000 is needed for each fiscal year, 2012 and 2013, to reduce the water delivery fee by 50%. This figure is the minimum amount that must be inserted into the blanks in Section 3. If this bill passes without an appropriation in Section 3, the Fund may become insolvent in subsequent years.

Thank you for the opportunity to testify on this measure.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 28, 2011 9:34 PM
To: WAM Testimony
Cc: rittew@hotmail.com
Subject: Testimony for HB1483 on 3/30/2011 9:30:00 AM

Testimony for WAM 3/30/2011 9:30:00 AM HB1483

Conference room: 211
Testifier position: support
Testifier will be present: No
Submitted by: walter ritte
Organization: Individual
Address:
Phone:
E-mail: rittew@hotmail.com
Submitted on: 3/28/2011

Comments:

Molokai has the potential to play a critical role in the food security of Hawaii. Diversified organic farming is the preferred economic base for Molokai. This bill will help Molokai and the entire state.