

Honolulu, Hawaii

MAR 18 , 2022

RE: S.B. No. 3181  
S.D. 1  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Agriculture, to which was referred S.B. No. 3181, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

begs leave to report as follows:

The purpose of this measure is to establish and appropriate funds for a local agriculture transportation cost reimbursement incentive program to be administered by the Department of Agriculture to reimburse eligible agricultural producers for a portion of the producer's costs to transport agricultural commodities associated with air cargo, parcel, or water cargo carrier services.

Your Committee received testimony in support of this measure from the Hawaii Food Industry Association, Uluono Initiative, Hawai'i Farm Bureau, Molokai Farm Bureau, Hawaii Meats, Pacific Biodiesel Technologies, and three individuals. Your Committee received comments on this measure from the Department of Agriculture, Department of Budget and Finance, and Department of the Attorney General.

Your Committee finds that the State depends exclusively on sea and air transportation for distributing agricultural products between islands and to the continental United States. Your



Committee also finds that transportation costs of agricultural producers are a critical element to their business. This measure will help offset the costs of transporting agricultural commodities for agricultural producers in the State.

Your Committee has amended this measure by:

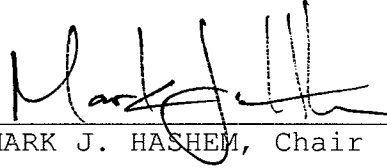
- (1) Changing the amount of annual gross receipts that an agricultural producer must have to be eligible to receive reimbursement payments under the local agriculture transportation cost reimbursement incentive program, from a minimum of \$50,000 to an unspecified maximum amount; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes from testimony provided by the Department of the Attorney General that the local agriculture transportation cost reimbursement incentive program established by this measure appears to provide a grant or subsidy that would be subject to Article VII, Section 4 of the Hawaii State Constitution. However, this measure does not include sufficient standards for making grants or other methods of awarding funds that would enable the Department of Agriculture to make the distributions intended by this measure. Your Committee respectfully requests that should your Committee on Consumer Protection and Commerce deliberate on this measure further, that it consider including provisions in this measure that establish sufficient standards for administrative grants.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3181, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3181, S.D. 1, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.



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



MARK J. HASHEM, Chair



