

**TESTIMONY**  
**HB 2290 HD2**  
**LATE**

LINDA LINGLE  
Governor



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

# LATE TESTIMONY

SANDRA LEE KUNIMOTO  
Chairperson, Board of Agriculture

DUANE K. OKAMOTO  
Deputy to the Chairperson

## TESTIMONY OF SANDRA LEE KUNIMOTO CHAIRPERSON, BOARD OF AGRICULTURE

Support w/  
proposed  
amendments

BEFORE THE SENATE COMMITTEE ON  
WATER, LAND, AGRICULTURE AND HAWAIIAN AFFAIRS  
WEDNESDAY, MARCH 10, 2010  
2:45 P.M.  
ROOM 229

HOUSE BILL NO. 2290, H.D. 2  
RELATING TO AGRICULTURE

Chairperson Hee and Members of the Committee:

Thank you for this opportunity to provide testimony on House Bill No. 2290, H.D. 2 relating to agriculture. The department supports this bill and recommends the five changes below, for the following reasons.

The first change is necessary to clarify that all fees and moneys collected pursuant to the enumerated statutory chapters and rules, not just certain fees and moneys, will be deposited into the new special fund this bill establishes, and to insert the relevant statutory section, 141-4, in place of the overbroad reference to chapter 141, which includes other department programs unrelated to this special fund. The second change is necessary to clarify that administration and enforcement of rules adopted pursuant to section 141-4, regarding coffee weight, is among the purposes for which the new special fund moneys can be spent. This purpose was included in H.B. No. 2290, as introduced, but appears to have been inadvertently left out of subsequent drafts of the bill. The third change corrects the reference to section 141-4, regarding coffee weight, to "rules adopted pursuant to section 141-4", and also clarifies that program staff salaries and other operational costs are intended to be covered by the new special fund.

The fourth change is to deposit the general fund appropriation into the agricultural inspection and certification special fund. The fifth change is to provide for an appropriation out of the new special fund for the administration, operation, and enforcement of the programs described in the bill.

1. Section 1, page 1, line 6, "Transmitting [~~certain~~] all fees [~~, civil penalties,~~] and moneys collected by the department of agriculture pursuant to [~~section 141-4, chapter 144, part I of chapter 145, and chapter 147 by the department of agriculture~~] chapters 145, 147, and 150, Hawaii Revised Statutes, and rules adopted pursuant to section 141-4 to the agriculture inspection and certification fund;"
2. Section 2, page 3, line 6, "The administration, operation, and enforcement of chapter 144, part I of chapter 145, [~~and~~] this chapter[~~; and~~] , and rules adopted pursuant to section 141-4; and"
3. Section 2, page 3, line 12, "No moneys from the general or other special or revolving funds shall be expended by the department for the administration, operation, or enforcement of [~~section 141-4,~~] chapter 144, part I of chapter 145, chapter 150, [~~or~~] this chapter, or rules adopted pursuant to section 141-4; provided that the expenditure of moneys from the general fund for central services and departmental administrative expenses shall be permitted. Moneys in the agriculture inspection and certification special fund shall be expended to cover costs of administering chapter 144, part 1 of chapter 145, this chapter, and rules adopted pursuant to section 141-4, including the costs of salaries, fringe benefits, operating expenses, equipment, motor vehicles, contracts for services, and promotional expenses."

# LATE TESTIMONY

Georgina Kawamura  
Oppose with Comments

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON WATER, LAND, AGRICULTURE,  
AND HAWAIIAN AFFAIRS  
ON  
HOUSE BILL NO. 2290, H.D. 2

March 10, 2010

## RELATING TO AGRICULTURE

House Bill No. 2290, H.D. 2, establishes the Agriculture Inspection and Certification special fund. In addition, House Bill No. 2290, H.D. 2, redirects: 1) all fees, expenses, and penalties collected for certification and agriculture control activities; 2) fees to defray the cost of administering the weighing of coffee; 3) fees for certification services of flowers and foliage; and 4) fees charged by the Department of Agriculture for audits and certification that are currently deposited into the general fund to be deposited into the Agriculture Inspection and Certification special fund. House Bill No. 2290, H.D. 2, also transfers all moneys in the certification services revolving fund to the Agriculture Inspection and Certification special fund. House Bill No. 2290, H.D. 2, also resets inspection and certification fees, provided that the Department of Agriculture has not amended administrative rules, to generate sufficient revenues to fund the operation of agricultural inspection and certification programs.

As a matter of general policy, this department does not support the creation of any special fund which does not meet the requirements of Section 37-52.3 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the

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benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine whether there is a clear nexus between the benefits sought and the charges made upon the users or beneficiaries of the program and whether the fund will be self-sustaining.

Lastly, House Bill No. 2290, H.D. 2, appropriates unspecified general revenues in FY 11 for the agriculture inspection and certification program; however, this general fund appropriation is not included in the Administration's financial plan.

4. Section 18, page 15, line 16-18, "...necessary for fiscal year 2010-2011 for deposit into the agriculture inspection and certification special fund to cover the costs of the agriculture inspection and certification program of the department of agriculture; "
5. Section 18, page 16, line 1 before the current text, "There is appropriated out of the agriculture inspection and certification special fund established by section 147, Hawaii Revised Statutes, the sum of \$                      for fiscal year 2010-2011 for the purposes of this fund."

# LATE TESTIMONY

Chris Manfredi  
Ka'u Farm and Ranch Co. LLC  
Ka'u Local Products, LLC  
PO BOX 1109  
Naalehu Hawaii 96772

Support

March 9, 2010

Dean Chairman Hee and members of the Water, Land, Agriculture and Hawaiian Affairs committee,

I am offering my testimony in support of Bill HB 2290 HD2.

As a stakeholder in the fledgling Ka'u coffee industry and founding president of Ka'u County Farm Bureau, I commend the authors of HB2290 HD2, particularly relating to Section 147 (c) (1), which refers to "The licensure of commission merchants, dealers, brokers, agents, processors and retail merchants".

This provision represents precisely the legislation and support we need in our rural communities.

In Ka'u we were experiencing challenges relating to affordable access to commodity inspectors long before the proposed HDOA budget cuts. Additional expense in terms of time and cost were making our district un-competitive in a very competitive marketplace.

Natural challenges in the form of drought and VOG have made this season particularly challenging. Economic challenges piled on top of these have caused some of our efforts to grow this emerging industry to stall. It would be very helpful if, with support from the Hawaii Department of Agriculture, commission merchants, brokers, agents, processors and retail merchants were licensed to certify our product in compliance with the law. Only then can the burden be shifted from government to the private sector making compliance with the law affordable, accessible and farmer friendly; not gaining a competitive advantage, but leveling the playing field with already stiff competition from around the globe.

Thank you for this opportunity to testify in support of HB 2290 HD2.



Chris Manfredi



Luella Costales  
Support

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## TESTIMONY

### HB 2290 HD2 RELATING TO AGRICULTURE

Chair Hee and Members of the Committee:

Hawaii Farm Bureau Federation on behalf of our farmer and ranch families and organizations support HB 2290HD2 establishing a special fund for agricultural inspection and certification.

Hawaii has been severely impacted by the reduction in services by PQ and Commodities. Farmers and ranchers along with some in the business community have experienced the impacts. A major impact to agriculture has been the inspection and certification of goods for sale and export. While many programs involved fees, there was also subsidization of costs from general funds.

The industry has recognized the dire state of the State Budget. It is willing to evolve to a true fee for services structure and this measure provides the means to move in this direction. Passage of this measure is critical since many of the products are exported, bringing new monies into the State resulting in tax dollars important to increasing dollars in the General Fund.

This measure also allows for the hiring of inspectors to perform certification and audit services is especially important to those in remote rural locations. During this time of HDOA personnel shortage, the flexibility provided by this measure to have an opportunity for contracting with people who live in these remote locations makes sense. Paying inspectors to drive for hours on the road does not appear to be a good use of time.

The seed, coffee and papaya industry are important to the State as they bring in much needed tax dollars through exports. This is new dollars that flows in to a dwindling pot. We support any fee structure that will meet their needs.

HFBF respectfully requests your support of this measure to ensure sale of agricultural products and exports can continue on a timely basis. Please restore the funding as stated in the original measure and correct the effective date to the enactment of this legislation. If there are any questions, please contact Luella Costales at 848 2074. Thank you





**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**  
AFSCME Local 152, AFL-CIO

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**LATE TESTIMONY**

Nora Nomura  
Supports Intent  
w/ Concerns

The Twenty-Fifth Legislature, State of Hawaii  
Hawaii State Senate  
Committee on Water, Land, Agriculture and Hawaiian Affairs

Testimony by  
Hawaii Government Employees Association  
March 10, 2010

H.B. 2290, H.D. 2 - RELATING  
TO AGRICULTURE

The Hawaii Government Employees' Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of H.B. 2290, H.D. 2. We do, however, have some concerns about portions of the bill that would allow the hiring of inspection staff by government or private agencies other than the Department of Agriculture.

With the devastating cuts and layoffs already absorbed by the Department of Agriculture, we are certainly in favor of legislation to support and re-establish the operations and services provided by the Department to the agriculture industry. However, we cannot support provisions that would allow other government and private agencies to hire inspection staff to do audit and certification services. In essence, we believe it would allow for the privatization of services, which we stand strongly against. Higher costs, lower quality of services provided and loss of accountability are some of the common results of the privatization of government services. The essential agricultural inspection and certification functions should continue to be performed by employees of the State Department of Agriculture.

If the intent is to dedicate monies, establish and collect fees to ensure that the state provides the agricultural industry the essential and necessary services needed, we wholeheartedly agree. But, we cannot support provisions that would allow the contracting out of inspection and certification work traditionally performed by state employees.

Thank you for the opportunity to comment on H.B. 2290, H.D. 2.

Respectfully submitted,

Nora A. Nomura  
Deputy Executive Director

**TESTIMONY**  
**HB 2290 HD2**  
**LATE**  
**(END)**