

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 AGRICULTURE

**WEDNESDAY, FEBRUARY 2, 2011
9:40 A.M.
CONFERENCE ROOM 312**

**HOUSE BILL NO. 865
RELATING TO INSPECTION FEES**

Chairpersons Tsuji and Members of the Committee:

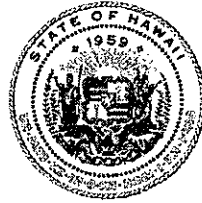
Thank you for this opportunity to provide testimony on House Bill No. 865,
Relating to Inspection Fees.

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.



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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

GUY H. KAULUKUKUI
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WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
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CONSERVATION AND RESOURCES ENFORCEMENT
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HISTORIC PRESERVATION
KAIHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

**Department of Land and Natural Resources
Testimony Transmittal Cover Sheet**

Date Submitted: January 31, 2011

Testifier's Name/Title: Paul Conry, Forestry and Wildlife Division Administrator

Committee Name: HOUSE COMMITTEE ON AGRICULTURE (AGR)

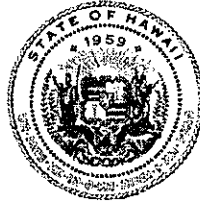
Day and Date: Wednesday, February 02, 2011

Time/Location: 9:40 AM, Conference Room 312

Measure Number: HB 865 – RELATING TO INSPECTION FEES.

Requested Copies: 4 (including original) to Room 424 in the State Capitol

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LAND
STATE PARKS

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

**Before the House Committee on
AGRICULTURE**

**Wednesday February 2, 2011
9:40 AM
State Capitol, House Conference Room 312**

**In consideration of
HOUSE BILL 865
RELATING TO INSPECTION FEES**

House Bill 865 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 supports House Bill 865 and the collection of these fees. The State's authority to adequately finance inspection of incoming cargo is essential to protecting Hawaii residents, resources, air passengers, and airport facilities against harmful cargo arriving in the State. The imposed fee 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.



Maui County Farm Bureau

P.O. Box 148 • Kula, Hawaii 96790 • Phone/Fax: (808) 878-2688 • www.maui-county-farm-bureau.org

January 29, 2011

Testimony

RE:HB865 RELATING TO INSPECTION FEES

Chair Tsuji and Members of the Committee

Maui County Farm Bureau on behalf of our commercial farm and ranch families and organizations on the island understands the reason behind this measure and supports this measure with amendments to increase the inspection fees from 50 cents to one dollar.

MCFB 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. We see the derailment of the program due to lack of funds. However, we also are extremely concerned about the impact of this raise in fees to everyone.

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, Executive Director of MCFB at 2819718.

**HB 865
RELATING TO INSPECTION FEES**

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

FEBRUARY 2, 2011

Chair Tsuji and Members of the House Committee on Agriculture:

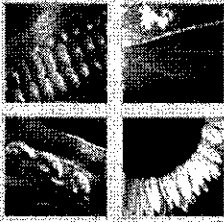
I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) and Matson Navigation Company, Inc. (a subsidiary of A&B) on HB 865, "A BILL FOR AN ACT RELATING TO INSPECTION FEES." We sincerely appreciate the opportunity to provide comments on this bill.

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.



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Alicia Maluafiti

Hawaii Crop Improvement Association

Growing the Future of Worldwide Agriculture in Hawaii

Testimony By: Alicia Maluafiti
HB 865 - Relating to Inspection Fees
The House Committee on Agriculture
Wednesday, February 2, 2011
Room 312, 9:40 a.m.

Position: Strongly Support

Aloha Chair Tsuji, Vice Chair Hashem and members of the Committee:

My name is Alicia Maluafiti, Executive Director of the Hawaii Crop Improvement Association, a nonprofit trade association representing the seed industry in Hawaii. HCIA strongly supports HB 865.

HCIA believes that HB 865 is an important and necessary initiative to address the cutbacks to the Dept. of Agriculture as a result of Hawaii's fiscal crisis and the department's reliance on the general fund to support the ag inspector positions. The agricultural industry including the seed industry's whose shipments require inspection by the HDOA risk their long term economic viability when they cannot get their products through the inspection process in a timely manner.

We support many of these legislative efforts including fee increases to restore the Dept. of Agriculture positions, minimize the adverse impact of the budget crisis on their department, and ensure the HDOA's ability to support, promote and enhance Hawaii's agricultural industry. However, we hope that the legislature and the HDOA continue to balance this fiscal responsibility with other stakeholders that share a commitment to supporting the inspection, quarantine and eradication of invasive species coming into the state.

We believe HB 865 is an important and necessary step in the right direction. Mahalo for the opportunity to comment.

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Testimony of The Nature Conservancy of Hawai'i
Supporting the Intent of H.B. 865 Relating to Inspection Fees
House Committee on Agriculture
Wednesday, February 2, 2011, 9:40AM, Rm. 312

The Nature Conservancy supports the intent of H.B. 865 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 Hawaii'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 Hawaii'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 Hawaii's businesses and residents.

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Poamoho Organic Produce

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Waialua HI 96791

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info@poamoho-organic.com

January 30, 2010

To: House Committee on Agriculture

Re: Hearings on February 2nd, 9:40 am, Rm 312

Subject: Testimony regarding HB 866, HB 284, HB 286, HB 288 & HB 865

Aloha Committee Chair and Committee Members,

I am an organic farmer on the North Shore of Oahu and President of the Hawaii Center for Organic Farming. Please accept my testimony on the subject Bills.

In the case of SB 866: Related to the Registration of Beekeepers. I am opposed to this Bill as written because it appears to have no real purpose other than a bureaucratic registration process. I am a beekeeper; two years ago I had 10 hives; I am now down to 2 hives due to varroa mite. Our Department of Agriculture has been deficient in both their measures for preventing invasive species as well as their rapid response to new infestations. This Bill could have enormous support to our beekeepers if "registration" was part of an overall bee industry invasive species prevention AND treatment program.

In the case of HB 284: Related to Income Tax Exclusions for Small Farmers. I am a small farmer who will benefit by this Bill; however it is far too generous and too inclusive. As written with the \$500,000 limit, this Bill will provide tax exclusions to 97% of our farms including all fake farms, all backyard gardeners and hobbyists. To conform to the State's 2050 Sustainability Plan, supportive legislation must focus on those real farms that grow "local food for local consumption". I recommend this Bill be amended to: 1) restrict tax exemptions to only those farms producing foods for our own local markets, NOT exports; 2) reduce the ceiling to \$100,000 to better focus on "real" small farms and; 3) add a floor of \$25,000 to eliminate fake farms and home gardens.

In the case of HB 286: Related to Excise Tax Exclusions on the Sale of Agricultural Products. I am opposed to this Bill as written because it will exempt ALL farms in the State from the Excise Tax. By our existing Excise Tax Code, farmers are "producers" and already only pay .5% vs 4% (4.5% on Oahu). Any exclusion from our Excise Tax should only be directed to those small farms that grow "local food for local consumption". We should not be exempting large farms or those that produce for export or those that produce non-food items such as GMO corn seed.

In the case of HB 865: Increases the Inspection Fee. Presently, our public monies are being used to subsidize the importation of food which undermines competition of our local farmers. This Bill should be amended to task the Hawaii Department of Agriculture (HDOA) to identify ALL of its budgeted expenses associated with this inspection effort and further amended so that the fee covers and replaces ALL of these budgeted costs.

Al Santoro, Farmer

<http://poamoho-organic.com>

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