

STAND. COM. REP. NO. 1080

Honolulu, Hawaii

MAR 27 2015

RE: H.B. No. 501  
H.D. 1  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Madam:

Your Committees on Agriculture and Commerce and Consumer Protection, to which was referred H.B. No. 501, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

beg leave to report as follows:

The purpose and intent of this measure is to provide preferential rates for certain public utility services provided to ratepayers engaged in agricultural activities.

Your Committees received testimony in support of this measure from the Land Use Research Foundation of Hawaii, Hawaii Farm Bureau, Ulupono Initiative, Hawaii Farmers Union United, Hawaii Cattlemen's Council, and three individuals. Your Committees received comments on this measure from the Department of Agriculture and Public Utilities Commission.

Your Committees find that Hawaii's agricultural industry is vital to the State's economy. Act 169, Session Laws of Hawaii 2008, authorized preferential rates for potable water used in agricultural activities, and this measure would expand this preferential treatment to include electricity and freight transport services to assist farmers and ranchers to remain competitive and self-sustaining. Your Committees further find that renewable energy is currently lost due to utility curtailment or restriction of wind and solar producers; this wasted energy source could instead be used to move irrigation water, pump groundwater, chill food-storage facilities, and power other



agricultural uses. Agricultural users could shift these activities to the off-peak hours if they were offered a rate incentive by the Public Utilities Commission to do so, thereby avoiding the need to limit or curtail renewable energy. Your Committees further find that for agricultural users, the lower rates would be an added inducement to shift their loads to the off-peak hours and avoid using the most expensive generation units on the system, resulting in lower rates for everyone.

As raised in testimony, your Committees also find that it is necessary for the Public Utilities Commission to define "qualified agricultural activities" and "bona fide agribusinesses" to ensure that preferential rates are given only to ratepayers as intended by this measure.

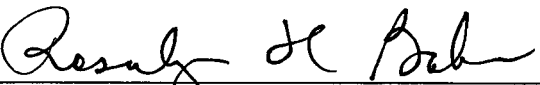
Your Committees have amended this measure by:

- (1) Inserting language that directs the Public Utilities Commission to define "qualified agricultural activities" and "bona fide agribusinesses" for the purposes of section 269-26.5, Hawaii Revised Statutes, to ensure that preferential rates for water, electricity, and freight transport services are offered only to ratepayers who are actively, substantially, and gainfully using land within an agricultural district in agricultural production, including crop, livestock, and aquaculture;
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Agriculture and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 501, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 501, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committees on Agriculture and  
Commerce and Consumer  
Protection,


  
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ROSALYN H. BAKER, Chair

  
\_\_\_\_\_  
RUSSELL E. RUDERMAN, Chair



The Senate  
Twenty-Eighth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Agriculture**  
**AGL**

Bill / Resolution No.:* <b>HB 501, HD1</b>	Committee Referral: <b>AGL/CPN, WAM</b>	Date: <b>3/19/15</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312         </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311         </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310         </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313         </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
RUDERMAN, Russell E. (C)	X			
RIVIERE, Gil (VC)	X			
CHUN OAKLAND, Suzanne	X			
TANIGUCHI, Brian T.				X
THIELEN, Laura H.	X			
WAKAI, Glenn	X			
SLOM, Sam				X
TOTAL	5	0	0	2
Recommendation: <div style="display: flex; justify-content: space-around; align-items: center;"> <input checked="" type="checkbox"/> Adopted           <input type="checkbox"/> Not Adopted         </div>				
Chair's or Designee's Signature: <div style="text-align: center; font-family: cursive; font-size: 1.2em;">  </div>				
<b>Distribution:</b> <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

**\*Only one measure per Record of Votes**

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

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