

Honolulu, Hawaii

FEB 12 2021

RE: S.B. No. 855

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred S.B. No. 855 entitled:

"A BILL FOR AN ACT RELATING TO COFFEE PEST CONTROL,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Extend the Pesticide Subsidy Program to June 30, 2024;
- (2) Extend the Pesticide Subsidy Program Manager position and the position's civil service collective bargaining laws exemption to June 30, 2026; and
- (3) Provide that no single coffee grower shall receive more than \$6,000 for each pest per year in subsidies between June 30, 2021, and July 1, 2023.

Your Committee received testimony in support of this measure from the Department of Agriculture; University of Hawai'i System, College of Tropical Agriculture and Human Resources; Kona Perfect; Hawaii Coffee Association; Maui Coffee Association; Synergistic Hawaii Agriculture Council; Kona Coffee Farmers Association; Rancho Aloha; Konaloha Farms; Intelinair; Halai Hill Coffee and Cacao; Rusty's Hawaiian; Kehau's Coffee Farm; United Ka'u Farmers Cooperative; Ka'u Ocean Vista Coffee Estate LLC; and six individuals.



Your Committee finds that coffee is a high value agricultural crop to local economy. A recent economic analysis by the College of Tropical Agriculture and Human Resources estimated that the coffee berry borer caused \$7,680,000 in crop losses and \$571,000 in lost state tax revenues in the 2013 fiscal year. The economic losses from coffee leaf rust and the coffee berry borer would have an outsized impact in rural areas that serve historically underserved populations.

Your Committee finds that Act 105, Session Laws of Hawaii 2014, established a temporary Pesticide Subsidy Program in the Department of Agriculture to assist coffee growers with offsetting the costs of purchasing pesticides containing *Beauveria bassiana* as an active ingredient to combat the coffee berry borer, a highly destructive pest that has infested coffee crops on Hawaii and has recently been detected on Oahu, Maui, and Kauai. Additionally, Act 152, Session Laws of Hawaii 2015, established a full-time temporary manager position for the Pesticide Subsidy Program, exempt from chapters 76 and 89, Hawaii Revised Statutes. Your Committee also finds that the current pesticide subsidy program manager position is a full-time, temporary position that is exempt from civil service and collective bargaining laws.

Your Committee further finds that the pesticide subsidy program took longer than anticipated to implement, thus the program sunset date was also extended from June 30, 2019, to June 30, 2021. However, applications for a subsidy for pesticide purchases made in a fiscal year must be filed in the immediately following fiscal year. Therefore, for pesticide purchases made in the last fiscal year of the program (from July 1, 2020, to June 30, 2021), applications for subsidies must be filed in the immediately following fiscal year (anytime from July 1, 2021, to June 30, 2022). The pesticide subsidy program will be repealed on June 30, 2021, and the Program Manager position will be repealed on June 30, 2022. Your Committee finds that extending the Program to June 30, 2025, and the Program Manager position to June 30, 2026, should be viewed as a modest investment in one of the State's largest and most important agricultural industries in mitigating the damage it causes to coffee beans. The manager position is also needed to process these applications for subsidies for costs incurred in the final year of the program, thus, your Committee finds that the civil service exemption and the subsidy program should be extended by three more years.

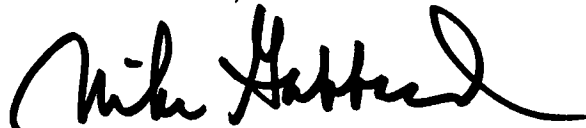


Your Committee considered concerns about whether landowners of coffee fields are able to provide input or consent in whether or not their property will be sprayed with fungicides like Priaxor, which is currently not approved for use on coffee by the United States Environmental Protection Agency, especially those landowners who live on their property and seek to protect themselves from exposure. Additionally, systemic fungicides have been posed as a short-term solution, but questions remain as to whether the quality of Kona coffee would become compromised. Evidence of adverse effects to bees has been linked to the use of systemic pesticides, and further research is needed in understanding Priaxor's impact on bees. Your Committee also considered whether organic certifications will likely be in jeopardy if there are no subsidies for organic controls, which provide a non-toxic alternative to watersheds and aquatic life. Equal subsidies for local, organic alternatives promotes the circular economy by creating local jobs, promoting environmental sustainability, and keeping monies in State.

Therefore, your Committee finds that continuing efforts to combat the coffee berry borer and coffee leaf rust subsidies under a single program is necessary to control against these invasive species.

As affirmed by the record of votes of the members of your Committee on Agriculture and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 855 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

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

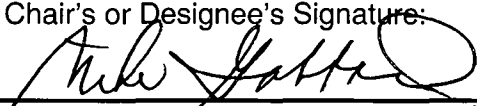


MIKE GABBARD, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Agriculture and Environment
AEN

Bill / Resolution No.:* SB 855	Committee Referral: AEN, WAM	Date: 02/08/2021		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	✓			
NISHIHARA, Clarence K. (VC)	✓			
ACASIO, Laura		✓		
RHOADS, Karl	✓			
FEVELLA, Kurt	✓			
TOTAL	4	1		
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes