

STAND. COM. REP. NO.

429

Honolulu, Hawaii

FEB 15, 2007

RE: H.B. No. 1121

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committees on Agriculture and Water, Land, Ocean Resources & Hawaiian Affairs, to which was referred H.B. No. 1121 entitled:

"A BILL FOR AN ACT RELATING TO WATER RATES FOR AGRICULTURAL USES,"

beg leave to report as follows:

The purpose of this bill is to provide equitable water rates for agricultural water furnished by private entities by directing the Public Utilities Commission (PUC) to require private entities that furnish water used for agricultural purposes in an area zoned for agricultural use to establish a water rate structure for agricultural water use that is comparable to the water rate structure used by the local county board of water supply.

The Mayor of the County of Hawaii, a councilmember of the Hawaii County Council, Hawaii Farm Bureau Federation, Maui County Farm Bureau, and Palila Growers, LLC, supported this bill. The Department of Agriculture supported the intent of this measure. PUC and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs (Consumer Advocate) submitted comments.

Your Committees recognize the underlying problem that this bill intends to address: The disparate water rates for agricultural water use among the different state, county, and private entities that provide water. However, your Committees

HB1121 HD1 HSCR AGR-WLH HMS 2007-2064



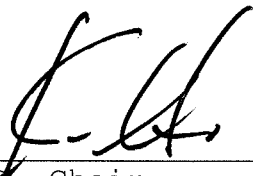
note that testimony received from the Consumer Advocate and PUC indicated strong concerns regarding a blanket requirement to conform private entity water rates with those of the county.

Accordingly, your Committees have amended this measure by deleting the provisions specifying that the water rate structure established by a private entity be comparable to the water rate structured used by the local county board of water supply. As amended, this measure directs the PUC to require private entities that furnish water used for agricultural purposes in an area zoned for agricultural use to establish a water rate structure for qualified agricultural users by January 1, 2008.

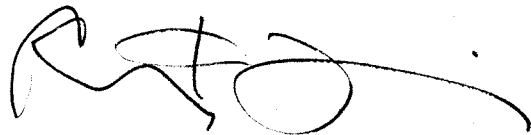
Your Committees find that concerns were raised regarding the criteria to qualify as a "qualified agricultural water user." Concerns focused on allowing "gentlemen estates" and other similar types of residential, non-agricultural land use activity occurring on agricultural land to qualify for the water rates. Your Committees support future legislative efforts to address this issue.

As affirmed by the records of votes of the members of your Committees on Agriculture and Water, Land, Ocean Resources & Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1121, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1121, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committees on Agriculture and
Water, Land, Ocean Resources &
Hawaiian Affairs,



KEN ITO, Chair



CLIFT TSUJI, Chair



