

Honolulu, Hawaii

MAR 14 2008

RE: H.B. No. 2261
H.D. 2
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Agriculture and Hawaiian Affairs, to which was referred H.B. No. 2261, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURAL LOANS,"

begs leave to report as follows:

The purpose of this measure is to assist agriculture and aquaculture in Hawaii by:

- (1) Including farm sustainable projects in the existing agricultural loan program, and aquaculture sustainable projects in the existing aquaculture loan program;
- (2) Establishing specific permitted uses and eligibility requirements for these loans;
- (3) Restricting the loan amounts to \$1,500,000 or eighty-five per cent of the project cost, whichever amount is less; and
- (4) Limiting the term of the loan to forty years.

Testimony in support of this measure was submitted by the Department of Agriculture, Hawaii Farm Bureau Federation, Hawaii Aquaculture Association, Hamakua Springs Country Farms, Hawaiian Electric Company, Inc., and its subsidiary utilities, Maui Electric Company and Hawaii Electric Light Company, and Hawaii Crop Improvement Association.



Your Committee finds that this measure will assist agricultural and aquacultural operations to become more sustainable. As energy costs for farm and aquaculture operations continue to rise, this measure will allow these operations to finance projects which will generate energy to offset some of their costs. In addition, excess energy generated by these projects could be sold to utility companies which would provide supplemental income for the farming or aquaculture operation and reduce the State's reliance on fossil fuels.

This measure has been amended by:

- (1) Reducing the interest charged for class "H" loans from five per cent to three per cent; and
- (2) Making a technical nonsubstantive amendment for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2261, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2261, H.D. 2, S.D. 1, and be referred to the Committee on Energy and Environment.

Respectfully submitted on
behalf of the members of the
Committee on Agriculture and
Hawaiian Affairs,



JILL TOKUDA, Chair



