

Honolulu, Hawaii

FEB 06 2007

RE: S.B. No. 1308

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam:

Your Committee on Water, Land, Agriculture, and Hawaiian Affairs, to which was referred S.B. No. 1308 entitled:

"A BILL FOR AN ACT RELATING TO LOANS FOR AGRICULTURAL AND AQUACULTURE PURPOSES,"

begs leave to report as follows:

The purpose of this measure is to augment financing opportunities for agricultural and aquacultural ventures in the State.

The measure accomplishes this purpose by strengthening the aquaculture loan program under chapter 219, Hawaii Revised Statutes, by creating parity with the agriculture loan program, and combining the revolving and reserve funds of each program together to provide flexibility in funding.

Testimony in support of this measure was submitted by the Department of Agriculture, the Hawaii Agriculture Research Center, the Hawaii Aquaculture Association, and Aquatic Innovations.

The aquaculture industry has recently undergone tremendous growth. Between the years of 2000 and 2006, the industry grew twenty-seven per cent with an increase from \$22,170,000 to \$28,400,000. Aquaculture operations range from small scale ornamental fish operations to open ocean cage cultures, which can be tremendously capital intensive. These industries make available to the public fresh, locally-grown seafood, while diversifying the State's economy and providing employment opportunities. While the demand for aquaculture production is



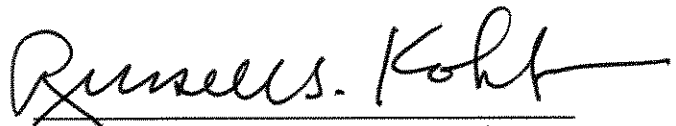
rising, aquacultural producers are also faced with the rising costs of aquaculture facilities, operating inputs, and transportation expenses.

Your Committee finds that strengthening the aquaculture loan program by creating parity with the agriculture loan program and creating more flexibility in funding will enable aquacultural producers to better compete on local and global levels. Increasing loan limits for aquacultural operations will provide additional funding for larger scale operations at a level similar to the agricultural loan program. The use of one revolving and one reserve fund and the combining of expenditure ceilings will enable the Department of Agriculture to assist both the agricultural and aquacultural industries by providing proper funding in a timelier manner without the need to increase the expenditure ceilings of each fund or transferring moneys between the funds.

The intent of this measure is to assist in establishing stronger and more efficient aquaculture operations, and thereby expanding the State's economy. Strengthening the aquaculture loan program will encourage the development of new aquaculture operations and increasing loan limits will aid in the expansion of existing aquacultural operations.

As affirmed by the record of votes of the members of your Committee on Water, Land, Agriculture, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1308 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

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

  
RUSSELL S. KOKUBUN, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Water, Land, Agriculture and Hawaiian Affairs**  
**WAH**

Bill / Resolution No.:* <i>SB 1308</i>	Committee Referral: <i>WAH, WAM</i>	Date: <i>JAN. 31, 2007</i>
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The committee is reconsidering its previous decision on this measure.  
 If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312     Pass, with amendments 2311     Hold 2310     Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
KOKUBUN, Russell S. (C)	X			
TOKUDA, Jill N. (VC)	X			
FUKUNAGA, Carol	X			
HEE, Clayton				X
SLOM, Sam	X			
<b>TOTAL</b>	<b>4</b>			<b>1</b>

Recommendation:  Adopted     Not Adopted

Chair's or Designee's Signature: 

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