

LINDA LINGLE
Governor



SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE K. OKAMOTO
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512

TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEES ON AGRICULTURE
AND ENERGY & ENVIRONMENTAL PROTECTION

FEBRUARY 6, 2008
8:30 A.M.

HOUSE BILL NO. 2261
RELATING TO AGRICULTURAL LOANS

Chairpersons Tsuji and Morita and Members of the Committee:

Thank you for the opportunity to comment on House Bill 2261. The bill's intent is to create a loan program for renewable sustainable energy projects for farmers and aquaculturists. The department supports the intent of the bill but would recommend that the renewable energy loan program be incorporated into the existing statutes as a new class of loans under the agricultural and aquacultural loan programs. This would eliminate the need to create a new revolving fund with the accompanying appropriation and the need to develop rules and procedures allowing faster implementation.

In addition, we recommend that the definition be expanded to include all sustainable projects such as food safety and traceability issues which may keep the operation sustainable but may not add directly to the operation's profitability. In order to market their products, farmers need to comply with increased government regulations. Market demands for certified products have also been increasing. The amendment to include these types of projects will help to make the operation more sustainable.

It is also recommended that acquisition of land be removed from the bill. Since the projects would normally be located adjacent to the operation the need to purchase land would not be required.

Attached is the proposed HB 2261 which includes the recommendations.

SB 2467 and H.B. 2261 (proposed)

A BILL FOR AN ACT

RELATING TO AGRICULTURAL LOANS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 155-1, Hawaii Revised Statutes, is
2 amended by adding a new definition to be appropriately inserted
3 to read as follows:

4 "Farm sustainable projects" means projects that improve the
5 operations viability but is not directly tied to farm crop
6 production. Projects may include but are not limited to
7 photovoltaic energy, hydroelectric, wind power generation,
8 methane generation, food safety, product traceability, bio-diesel
9 production, and ethanol production."

10 SECTION 2. Section 155-8, Hawaii Revised Statutes, is
11 amended by amending subsection (c) to read as follows:

12 "(c) Loans made under this section, shall bear simple
13 interest on the unpaid principal balance, charged on the actual
14 amount disbursed to the borrower. The interest rate on loans of
15 class "A", "B", "C", "E" and "G" shall be at a rate of one
16 percent below the prime rate or at a rate of seven and one-half
17 per cent a year, whichever is less. For purposes of this
18 subsection, the prime rate shall be determined on January 1 and

.B. NO.

1 July 1 of each year, and shall be the prime rate charged by the
2 two largest banks in the State identified by the department of
3 commerce and consumer affairs. If the prime rates of the two
4 largest banks are different, the lower prime rate of the two
5 shall apply. The interest rate of class "F" loans shall be six
6 per cent a year. The interest rate of class "H" loans shall be
7 five per cent a year. If the money loaned is borrowed, by the
8 department, then the interest on loans of such classes shall be
9 the rate as determined above or one per cent over the cost to
10 the State of borrowing the money, whichever is greater.
11 Interest on class "D" loans shall not be less than three per
12 cent a year."

13 SECTION 3. Section 155-9, Hawaii Revised Statutes, is
14 amended by adding subsection (i) to read as follows:

15 **"§155-9 Classes of loans; purposes, terms, eligibility.**

16 (a) Loans made under this chapter shall be for the purposes and
17 in accordance with the terms specified in classes "A" through
18 "F" in this section shall be made only to applicants who meet
19 the eligibility requirements specified therein and except as to
20 class "B" loans to associations and class "E" loans, the
21 eligibility requirements specified in section 155-10. The

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1 maximum amount of a loan for class "A", "C", "D", and "F" loans
2 to an individual applicant shall also apply to any loan
3 application submitted by a partnership, corporation, or other
4 entity, and for the purpose of determining whether the maximum
5 loan amount to any individual will be exceeded, outstanding
6 loans to any partnership, corporation, or other entity that the
7 individual has a legal or equitable interest in excess of twenty
8 per cent shall be taken into account.

9 (b) Class A: Farm ownership and improvement loans shall
10 provide for:

- 11 (1) The purchase or improvement of farm land;
12 (2) The purchase, construction, or improvement of adequate
13 farm dwellings, and other essential farm buildings;
14 and
15 (3) The liquidation of indebtedness incurred for any of
16 the foregoing purposes.

17 The loans shall be for an amount not to exceed \$800,000 and
18 for a term not to exceed forty years. To be eligible, the
19 applicant shall (A) derive, or present an acceptable plan to
20 derive, a major portion of the applicant's income from and
21 devote, or intend to devote, most of the applicant's time to
22 farming operations; and (B) have or be able to obtain the

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1 operating capital, including livestock and equipment, needed to
2 successfully operate the applicant's farm.

3 (c) Class B: Soil and water conservation loans shall
4 provide for:

5 (1) Soil conservation practices;

6 (2) Water development, conservation, and use;

7 (3) Drainage; and

8 (4) The liquidation of indebtedness incurred for any of
9 the foregoing purposes.

10 The loans shall be for an amount not to exceed \$35,000 to
11 an individual or \$200,000 to an association and shall be for a
12 term not to exceed twenty years for a loan to an individual and
13 forty years to an association. To be eligible, an individual
14 applicant shall have sufficient farm and other income to pay for
15 farm operating and living expenses and to meet payments on
16 applicant's existing debts, including the proposed soil and
17 water conservation loan. An association, to be eligible, shall
18 be a nonprofit organization primarily engaged in extending
19 services directly related to the purposes of the loan to its
20 members, and at least sixty per cent of its membership shall
21 meet the eligibility requirements specified in section 155-10.

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1 (d) Class C: Farm operating loans shall be for the purpose
2 of carrying on and improving a farming operation, including:

- 3 (1) The purchase of farm equipment and livestock;
4 (2) The payment of production and marketing expenses
5 including materials, labor, and services;
6 (3) The payment of living expenses; and
7 (4) The liquidation of indebtedness incurred for any of
8 the foregoing purposes; and
9 (5) The exportation of crops and livestock.

10 The loans shall be for an amount not to exceed \$800,000 and
11 for a term not to exceed ten years. To be eligible, an
12 applicant shall derive, or present an acceptable plan to derive,
13 a major portion of the applicant's income from and devote, or
14 intend to devote, most of his time to farming operations.

15 Qualified farmers affected by state eradication programs
16 may also be eligible for loans under this subsection. Loans
17 made for rehabilitation from eradication programs shall be
18 subject to the terms of class "C" loans; provided that the
19 interest rate shall be three per cent a year and the
20 requirements in section 155-3 shall be waived and paragraph (4)
21 shall not apply.

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1 (e) Class D: Emergency loans shall be for the purpose of
2 providing relief and rehabilitation to qualified farmers without
3 limit as to purpose:

4 (1) In areas stricken by extraordinary, rainstorms,
5 windstorms, droughts, tidal waves, earthquakes,
6 volcanic eruptions, and other natural catastrophes;

7 (2) On farms stricken by livestock disease epidemics and
8 crop blights;

9 (3) On farms seriously affected by prolonged shipping and
10 dock strikes;

11 (4) During economic emergencies caused by overproduction,
12 excessive imports, and the like; and

13 (5) During other emergencies as determined by the board of
14 agriculture.

15 The maximum amounts and period for such loans shall be
16 determined by the board of agriculture; provided that the board
17 shall require that any settlement or moneys received by
18 qualified farmers as a result of an emergency declared under
19 this section shall first be applied to the repayment of an
20 emergency loan made under this chapter.

21 (f) Class E: Loans to farmers' cooperatives, corporations,
22 and food manufacturers shall provide credit to entities engaged

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1 in marketing, purchasing, and processing, and providing farm
2 business services, including:

3 (1) Facility loans to purchase or improve land, building,
4 and equipment for an amount not to exceed \$500,000 and
5 a term not to exceed twenty years;

6 (2) Operating loans to finance inventories of supplies and
7 materials, warehousing, and shipping commodities,
8 extension of consumer credit to justified farmer-
9 members, and other normal operating expenses for an
10 amount not to exceed \$300,000 and a term not to exceed
11 seven years; and

12 (3) The exportation of crops and livestock.

13 To be eligible, a farmers' cooperative or corporation shall
14 have a majority of its board of directors and a majority of its
15 membership as shareholders who meet the eligibility requirements
16 of section 155-10 and who devote most of their time to farming
17 operations, and such facility loans shall be for an amount not
18 to exceed \$500,000 or eighty per cent of the cost of the
19 project, whichever is the lesser.

20 To be eligible, a food manufacturer shall be licensed to do
21 business in the State, and the controlling interest of the
22 entity shall possess a minimum of two years of relevant

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1 processing or manufacturing experience as acceptable to the
2 department of agriculture. The entity shall process Hawaii-
3 grown agricultural products or use Hawaii-grown agricultural
4 products as an ingredient in the manufacturing process.

5 Facility loans shall be for an amount not to exceed \$500,000 or
6 eighty per cent of the cost of the project, whichever is the
7 lesser. The requirements in section 155-10 shall be waived for
8 food manufacturing loans; however, the entity shall be a sound
9 credit risk with the ability to repay the money borrowed.

10 (g) Class F: Loans for new farmer programs shall provide
11 for costs of a new farm enterprise for qualified new farmers:

12 (1) Initial loans made under this class shall be for
13 purposes and in accordance with the terms specified in
14 class "A" and "C" only, and shall be made only for
15 full-time farming. The loans shall be made for an
16 amount not to exceed \$100,000 or eighty-five per cent
17 of the cost of the project, whichever is the lesser;

18 (2) Any subsequent loan shall be made from classes "A" to
19 "D", respectively, depending upon the purpose for
20 which the loan funds are used; and

21 (3) Borrowers shall comply with special term loan
22 agreements as may be required by the department and

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1 shall take special training courses as the department
2 deems necessary.

3 (h) Class G: Loans to part-time farmers shall be for farm
4 improvement and operating purposes for carrying on and improving
5 farming operations, including loans for:

6 (1) The purchase, construction, and improvement of farm
7 production and growing structures;

8 (2) The purchase of farm equipment or livestock; and

9 (3) The payment of production and marketing expenses,
10 including materials, labor, and services.

11 The liquidation of indebtedness incurred for any of the
12 purposes under this subsection and for living expenses shall not
13 be authorized purposes. Each loan shall be for an amount not to
14 exceed \$25,000 and for a term not to exceed ten years.

15 (i) Class H: Farm sustainable project loans shall provide
16 for:

17 (1) The purchase, construction, or improvement of
18 essential farm buildings, including the improvement of
19 existing farm buildings related to the project;

20 (2) The improvement of land that may be required by the
21 project;

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1 (3) The purchase of equipment and payment of any related
2 expenses including materials, labor, and services.

3 (4) Operating costs associated with the project.

4 (5) The liquidation indebtedness incurred for any of the
5 foregoing purposes.

6 The loans shall be for an amount not to exceed
7 \$1,500,000 or eighty-five per cent of the project cost,
8 whichever is the lesser; and for a term not to exceed forty
9 years.

10 To be eligible the applicant shall be a qualified
11 farmer, sound credit risk with the ability to repay the
12 money borrowed, as determined by the department. Income
13 from the applicant's farming activities and any
14 supplemental income that may be generated from the project
15 shall be the sole criterion for the department's
16 determination of the applicant's ability to repay the money
17 borrowed. The department's determination may be based on
18 projections of income and expenses."

19 SECTION 4. Section 219-2, Hawaii Revised Statutes, is
20 amended by adding a new definition to be appropriately inserted
21 to read as follows:

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1 "Aquaculture sustainable projects" means projects that
2 improve the operations viability but are not directly tied to
3 aquaculture production. Projects may include but are not limited
4 to photovoltaic energy, hydroelectric, wind power generation,
5 methane generation, food safety, product traceability, bio-diesel
6 production, and ethanol production."

7 SECTION 5. Section 219-6 is amended to read as follows:

8 "**§219-6 Loan; limitation and terms.** Loans made under this
9 chapter shall be for the purposes and in accordance with the
10 terms specified in classes "A", "B" and "C", [and] "D" and "H"
11 in paragraph (1), (2), (3) [and] (4) and 5 following and shall
12 be made only to applicants who meet the eligibility requirements
13 specified therein:

- 14 (1) Class A: Aquaculture farm ownership and
15 improvement loans. To provide for:
- 16 (A) The purchase or improvement of aquaculture
17 farm land and waters;
- 18 (B) The purchase, construction, or improvement
19 of adequate aquaculture farm dwellings, and
20 other essential aquaculture farm facilities;
21 and

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1 (C) The liquidation of indebtedness incurred for
2 any of the foregoing purposes.

3 Such loans shall be for an amount not to exceed
4 \$400,000 and for a term not to exceed forty
5 years. To be eligible the applicant shall:

6 (i) Derive, or present an acceptable
7 plan to derive, a major portion of
8 the applicant's income from and
9 devote, or intend to devote, most
10 of the applicant's time to
11 aquaculture farming operations;
12 and

13 (ii) Have or be able to obtain the
14 operating capital, including
15 fishstock and equipment, needed to
16 successfully operate the
17 applicant's aquaculture farm;

18 (2) Class B: Aquaculture operating loans. To carry on
19 and improve an aquaculture operation, including:

20 (A) The purchase of aquaculture equipment and
21 fishstock;

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- 1 (B) The payment of production and marketing
- 2 expenses including materials, labor, and
- 3 services;
- 4 (C) The payment of living expenses; and
- 5 (D) The liquidation of indebtedness incurred for
- 6 any of the foregoing purposes.

7 Such loans shall be for an amount not to exceed
8 \$400,000 and for a term not to exceed ten years.

9 To be eligible, an applicant shall derive or
10 present an acceptable plan to derive a major
11 portion of the applicant's income from and
12 devote, or intend to devote, most of the
13 applicant's time to aquaculture operations;

14 (3) Class C: Aquaculture cooperative and corporation
15 loans. To provide credit to aquaculturalists'
16 cooperative associations and corporations engaged
17 in marketing, purchasing, and processing, and
18 providing farm business services, including:

- 19 (A) Facility loans to purchase or improve land,
- 20 building, and equipment for an amount not to
- 21 exceed \$500,000 and a term not to exceed
- 22 twenty years; and

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1 (B) Operating loans to finance inventories of
2 supplies, warehousing, and shipping
3 commodities, extension of consumer credit to
4 justified farmer-members, and other normal
5 operating expenses for an amount not to
6 exceed \$300,000 and a term not to exceed
7 seven years.

8 To be eligible, a cooperative or corporation
9 shall have at least seventy-five per cent of its
10 board of directors and seventy-five per cent of
11 its membership as shareholders who meet the
12 eligibility requirements prescribed by the board
13 and who devote most of their time to aquaculture
14 operations; and

15 (4) Class D: Emergency loans. To provide relief and
16 rehabilitation to qualified aquaculturists
17 without limit as to purpose:

18 (A) In areas stricken by extraordinary
19 rainstorms, windstorms, droughts, tidal
20 waves, earthquakes, volcanic eruptions, and
21 other natural catastrophes;

22 (B) On farms stricken by aquatic diseases;

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1 (C) On farms seriously affected by prolonged
2 shipping and dock strikes;

3 (D) During economic emergencies such as those
4 caused by overproduction and excessive
5 imports; and

6 (E) During other emergencies as determined by
7 the board.

8 The maximum amounts and period for the loans
9 shall be determined by the board; provided that
10 the board shall require that any settlement or
11 moneys received by qualified aquaculturists as a
12 result of an emergency declared under this
13 section shall be first applied to the repayment
14 of an emergency loan made under this chapter.

15 (5) Class H: Aquaculture sustainable project loans
16 shall provide for:

17 (A) The purchase, construction, or improvement
18 of essential farm buildings, including the
19 improvement of existing farm buildings
20 related to the project;

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1 (B) The improvement of land that may be required
2 by the project;

3 (C) The purchase of equipment and payment of any
4 related expenses including materials, labor,
5 and services.

6 (D) Operating costs associated with the project.

7 (E) The liquidation indebtedness incurred for
8 any of the foregoing purposes.

9 The loans shall be for an amount not to exceed
10 \$1,500,000 or eighty-five per cent of the project
11 cost, whichever is the lesser; and for a term not
12 to exceed forty years.

13 To be eligible the applicant shall be a qualified
14 aquaculturist, sound credit risk with the ability
15 to repay the money borrowed, as determined by the
16 department. Income from the applicant's
17 aquaculture activities and any supplemental
18 income that may be generated from the project
19 shall be the sole criterion for the department's
20 determination of the applicant's ability to repay

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1 the money borrowed. The department's
2 determination may be based on projections of
3 income and expenses."

4 SECTION 6. Section 219-9 is amended by amending subsection
5 (c) to read as follows:

6 "(c) Loans made under this section shall bear simple
7 interest on the unpaid principal balance, charged on the actual
8 amount disbursed. The interest rate for class "A", class "B",
9 [and] class "C" and class "H" shall be set by rule, pursuant to
10 chapter 91."

11 SECTION 7. This Act shall take effect upon its approval.

12

13

INTRODUCED BY: _____

14

BY REQUEST

**HAWAII FARM BUREAU FEDERATION
2343 ROSE STREET
HONOLULU, HI 96819**

FEBRUARY 6, 2008

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE
&
COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

TESTIMONY ON HB 2261
RELATING TO AGRICULTURAL LOANS

Chair Tsuji and Morita and Members of the Committee:

My name is Alan Takemoto, Executive Director, of the Hawaii Farm Bureau Federation, which is the largest non-profit general agriculture organization representing approximately 1,600 farm and ranch family members statewide.

The Hawaii Farm Bureau Federation supports HB 2261, which establishes the Hawaii farm renewable sustainable energy loan program to provide financial assistance for the development of sustainable energy by farmers and aquaculturalists.

The intent of this measure was to broaden the qualifications of the current ag loan program and increase the dollar amount of loans needed to develop alternative energy type farm operations. Farms, or agricultural lands, offer the natural resources and land to best pursue alternative energy farm production. Some farmers have access to the natural resources on their land that can produce energy for the farm so that they can be either self contained and/or less dependent on county power and, therefore reduce their power expenses. However, these farmers lack the financial assistance to carry out this innovative program that will allow farmers to further diversify their operations.

Offering this ag loan program will have an impact on reducing Hawaii's reliance on fossil fuels, reduce farm productions costs, and create new business opportunities for farmers interested in alternative energy production.

Thank you for allowing us to testify on this measure.



Maui County Farm Bureau

*An Affiliate of the American Farm Bureau Federation and Hawaii Farm Bureau Federation
Serving Maui's Farmers and Ranchers*

TESTIMONY

HB 2261

RELATING TO AGRICULTURAL LOANS

**HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE and
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**


Chair Tsuji, Chair Morita and Committee Members:

My name is Warren Watanabe, Executive Director of the Maui County Farm Bureau, a non-profit general agriculture organization and an affiliate of the Hawaii Farm Bureau Federation.

MCFB requests your support of HB2261, providing a loan program for farmers involved in sustainable energy production.

Collaborative and cooperative measures by everyone in Hawaii is what it will take for our State to achieve significant levels of energy self sufficiency. Farmers and ranchers which electrical needs to process products or pump water may be able to produce significant percentages of their own power requirements, thereby reducing loading of the grid. This Bill will help farmers begin these entrepreneurial ventures.

MCFB respectfully requests passage of this measure. Thank you.



**Hawaii
Aquaculture
Association**

To:

THE HOUSE
THE TWENTY-FOURTH LEGISLATURE
REGULAR SESSION OF 2008

COMMITTEE ON AGRICULTURE
Rep. Clift Tsuji, Chair
Rep. Tom Brower, Vice Chair

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Rep. Hermina M. Morita, Chair
Rep. Mele Carroll, Vice Chair

HEARING

DATE: Wednesday, February 6, 2008
TIME: 8:30 a.m.
PLACE: Conference Room 325, State Capitol
415 South Beretania St

From: Ron Weidenbach, President, Hawaii Aquaculture Association
Phone: 429-3147, Email: hawaiiifish@gmail.com

Re: **HB 2261 Relating to loans to assist agricultural and aquacultural industries**

Chairs Tsuji and Morita, Vice-Chairs Brower and Carroll, and Members of the Committees:

The Hawaii Aquaculture Association (HAA) strongly supports House Bill 2261, which establishes the Hawaii farm renewable sustainable energy loan program to provide financial assistance for the development of sustainable energy by farmers and aquaculturists.

Aquaculture is one of the fastest growing segments of diversified agriculture in the State, reaching \$21.3M in wholesale product value in 2006. However, this industry is largely comprised of family farm operations that often struggle to make ends meet. Developing sustainable and renewable energy projects is in the best interest of long term sustainability for both the industry and state, but such ventures will be nearly impossible for aquaculturists without financial support. Eligibility to apply for loans specific to energy projects as well as non-energy related loans allows our aquaculturists to utilize their natural resources and develop new products and processes vital to their continued success.

HAA strongly supports this bill, and encourages the committee to vote for it so that the Hawaii aquaculture industry can continue to expand and contribute increasingly to Hawaii's economy. Thank you for the opportunity to testify.

**Hawaii
Crop
Improvement
Association**

Sarah Styan, President
P.O. Box 609
Waimea, Hawaii 96796
Phone: 808- 338-8300 ext 113

Testimony by: Sarah Styan
HB 2261, Agricultural Loans
House AGR/EEP Committees
Wednesday, Feb. 6, 2007
Room 325: 8:30 am

Position: Support

Chairs Tsuji and Morita, and Members of the House AGR/EEP Committees:

My name is Sarah Styan. I am a Kauai resident, President of HCIA and research scientist of Pioneer Hi-Bred International, Waimea Research Station. The HCIA represents seed production and research facilities operating in Hawaii for nearly 40 years. The HCIA is comprised of five member companies that farm an estimated 8,000 acres on four islands, valued at \$97.6 million in operating budget (2006/2007 HASS). We are proud members of Hawaii's diversified agriculture and life sciences industries.

The purpose of this bill is to establish a loan program to provide financial assistance to farm producers for the production of sustainable energy. Currently, only direct farm activities are able to qualify for the DOA agriculture loan program.

This bill will broaden the qualifications and increase the dollar amount of loans needed to develop alternative energy-type farm operations. Farms, or agricultural lands, offer the natural resources and land to best pursue alternative energy farm production.

Offering this program will have an impact on reducing Hawaii's reliance on fossil fuels, reduce farm production costs, and create new business opportunities for farmers interested in alternative energy production.

Please support this measure. Thank you for the opportunity to present testimony.

**Testimony before the
House Committees on**

**Agriculture
And
Energy & Environmental Protection**

H.B. 2261 – Related to Agricultural Loans

**Wednesday, February 6, 2008
8:30 am, Conference Room 325**

**By Arthur Seki
Director of Technology
Hawaiian Electric Company, Inc.**

Chairs Tsuji and Morita, Vice Chairs Brower and Carroll, and Members of the Committees:

My name is Arthur Seki – I am the Director of Technology in the Energy Solutions & Technology Department at Hawaiian Electric Company. I am testifying on behalf of Hawaiian Electric Company (HECO) and its subsidiary utilities, Maui Electric Company (MECO) and Hawaii Electric Light Company (HELCO), hereby referred to collectively as the HECO Utilities.

We support H.B. 2261 that would establish the Hawaii farm renewable sustainable energy loan program to provide financial assistance to farmers and aquaculturists for developing sustainable energy. Loans can stimulate the development of a local biofuel industry to produce renewable fuel for power generation in Hawaii.

HECO Utilities are committed to exploring and using biofuels in its existing and planned generating units. The use of biofuels can reduce the State's dependence on imported oil and increase the amount of renewable energy from sustainable resources. This commitment by the HECO Utilities is demonstrated by the following initiatives:

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- HECO's next power plant (100 MW) on Oahu (located at Campbell Industrial Park) will be 100% biofueled;
- HECO and MECO are partnering with BlueEarth Biofuels to build a 40 million gallon per year biodiesel production plant on Maui;
- MECO tested biodiesel in its diesel engines and combustion turbine at Maalaea power plant and will conduct further tests;
- HECO is developing test plans for a biofuel blend demonstration in a steam boiler generating unit on Oahu;
- HELCO will be testing biodiesel blends in a diesel engine on the Big Island;
- MECO will be testing glycerin (biodiesel by-product) in a Kahului steam boiler on Maui; and
- HECO is providing seed funding to the Hawaii Agriculture Research Center (HARC) and the agriculture departments at the University of Hawaii's Manoa and Hilo campuses to conduct biofuel crop research.

In conclusion, HECO Utilities support H.B. 2261 as a way to stimulate the development of locally produced biofuels.

Thank you for the opportunity to present this testimony.

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