

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 COMMITTEE ON FINANCE
THURSDAY, FEBRUARY 21, 2008
11:30 A.M.

HOUSE BILL NO. 2261, HD 1
RELATING TO AGRICULTURAL LOANS

Chairperson Oshiro and Members of the Committee:

Thank you for the opportunity to comment on House Bill No. 2261, HD1. The Department strongly supports this bill which would create new classes of loans for renewable sustainable projects for farmers and aquaculturists. The department strongly supports the bill as it will assist agricultural and aquaculture operations to become more sustainable. Energy costs for farm and aquaculture operations will continue to rise and this program will allow these operations to generate their own energy to offset some of their costs. In addition, excess energy could be sold to utility companies providing supplemental income for the operations and reduce the State's reliance on fossil fuels.

The bill also allows funding of projects such as food safety and traceability which is becoming increasingly important in today's food security chain. The program would allow farms and aquaculture operations to undertake these types of projects to complete the projects at a favorable interest rate and allow them to remain competitive.



**Hawaii
Aquaculture
Association**

To:

THE HOUSE
THE TWENTY-FOURTH LEGISLATURE
REGULAR SESSION OF 2008

COMMITTEE ON FINANCE
Rep. Marcus R. Oshiro, Chair

HEARING

DATE: Thursday, February 21, 2008
TIME: 11:30 a.m.
PLACE: Conference Room 308, State Capitol
415 South Beretania St

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

Re: **HB 2261 HD1 RELATING TO AGRICULTURAL LOANS**

Chair Oshiro and Members of the Committee:

The Hawaii Aquaculture Association (HAA) strongly supports House Bill 2261 HD1, which includes farm sustainable projects in the existing agricultural loan program, and aquaculture sustainable projects in the existing aquacultural loan program.

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.

Testimony before the House Committee on

Finance

H.B. 2261 HD1– Related to Agricultural Loans

**Thursday, February 21, 2008
11:30 am, Conference Room 308**

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

Chair Oshiro, Vice Chair Lee, and Members of the Committee:

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 HD1 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:

- 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;
- 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; and
- HECO has been examining micro-algae development.

In conclusion, HECO Utilities support H.B. 2261 HD1 as a way to stimulate the development of locally produced biofuels.

Thank you for the opportunity to present this testimony.

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

FEBRUARY 21, 2008

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON HB 2261, HD 1
RELATING TO AGRICULTURAL LOANS

Chair Oshiro 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, HD 1, 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.

Richard Ha

From: Richard Ha [richard@hamakuasprings.com]
Sent: Thursday, February 21, 2008 5:55 AM
To: 'repmoshiro@Capitol.hawaii.gov'
Subject: HB 2261 HD1 Relating to Agricultural Loans

LATE

Richard Ha
Hamakua Springs Country Farms
421 Lama St.
Hilo, HI 96720
Cell 960 1057
Thursday, Feb 21, 2008

Support of HB 2261 HD1

Aloha Chairman Oshiro (Marcus): *MARCUS*

I am Richard Ha, President of Hamakua Springs Country Farms, a 600 acre, fee simple, diversified agriculture operation 11 miles north of Hilo. Approximately 100 workers are employed here. We farm bananas and hydroponic vegetables. We have been in farming for more than twenty five years. Three generations of us work on the farm. Our farm is known for it's sustainable farming practices. Thanks for visiting our farm!!

I strongly support , HB 2261 HD1 RELATING TO AGRICULTURAL LOANS. This bill would assist bona fide farmers to make investments in farm appropriate alternate energy projects.

This bill helps farmers stabilize energy costs. This will help the farmer become comparatively more competitive to imported produce. If farmers can make money, more farmers will farm. This will help make Hawaii more food secure.

If farmers are able to supply electricity to the grid, this helps to make Hawaii more energy secure.

Energy produced by Hawaii farmers will help to avoid buying fossil fuel from foreign countries. This will keep money in our economy to circulate.

To conclude: I am strongly in favor of this bill because it helps to make Hawaii food and energy secure. This bill also helps to keep our economy stable and secure.

Mahalo for the opportunity to testify.
Richard Ha
Richard Ha
President
Hamakua Springs Country Farms