

HB 2261 HD2

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

**LATE**

TESTIMONY OF SANDRA LEE KUNIMOTO  
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE ON AGRICULTURE AND HAWAIIAN AFFAIRS  
TUESDAY, MARCH 11, 2008  
2:45 P.M.  
ROOM 224

HOUSE BILL NO. 2261, H.D. 2  
RELATING TO AGRICULTURAL LOANS

Chairperson Tokuda and Members of the Committee:

Thank you for the opportunity to comment on House Bill No. 2261, H.D. 2. The Department strongly supports this bill which would create new classes of loans for renewable sustainable projects for farmers and aquaculturists. The bill 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 finance projects which will generate 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 enable 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 FARM BUREAU FEDERATION  
2343 ROSE STREET  
HONOLULU, HI 96819**

MARCH 11, 2008

HEARING BEFORE THE  
SENATE COMMITTEE ON AGRICULTURE & HAWAIIAN AFFAIRS

TESTIMONY ON HB 2261, HD 2  
RELATING TO AGRICULTURAL LOANS

Chair Tokuda 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 2, 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 is 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.

**We would like to recommend an amendment that will reduce the interest rate from 5% to 3% (page 2, line 16) to provide a stronger incentive that will further encourage farmers to pursue sustainable energy projects.**

Thank you for allowing us to testify on this measure.



**Hawaii  
Aquaculture  
Association**

To:

THE SENATE  
THE TWENTY-FOURTH LEGISLATURE  
REGULAR SESSION OF 2008

COMMITTEE ON AGRICULTURE & HAWAIIAN AFFAIRS  
Sen. Jill N. Tokuda, Chair  
Sen. J. Kalani English, Vice Chair

HEARING

DATE: Tuesday, March 11, 2008  
TIME: 2:45 p.m.  
PLACE: Conference Room 224, State Capitol  
415 South Beretania St

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

Re: **HB 2261 HD2** Relating to loans to assist agricultural and aquacultural industries

Chair Tokuda, Vice-Chair English, and Members of the Committee:

The Hawaii Aquaculture Association (HAA) **strongly supports House Bill 2261 HD2**, 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.

# Hamakua Springs Country Farms

MARCH 11, 2008

HEARING BEFORE THE  
SENATE COMMITTEE ON AGRICULTURE & HAWAIIAN AFFAIRS

TESTIMONY ON HB 2261, HD 2  
RELATING TO AGRICULTURAL LOANS

Chair Tokuda and Members of the Committee:

My name is Richard Ha. I am President of Hamakua Springs Country Farms. We are a diversified agriculture business. We farm 600 fee simple acres of bananas and hydroponic vegetables on the East side of the Big Island. We have been in farming for more than 30 years and we employ nearly 100 people.

I am especially concerned about the rising cost of energy as it relates to agricultural sustainability issues for us living on islands in the middle of the Pacific ocean.

I strongly support HB 2261, HD 2, 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 is 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.

This farm loan program will allow farmers to generate more income without investing more time. This is huge!! If farmers can make money, more farmers will farm. If in the future the farmer can sell energy to the utilities at the avoided cost of oil we will keep money revolving in our own economy instead of sending it to foreign governments who don't even like us.

**I would like to recommend an amendment that will reduce the interest rate from 5% to 3% (page 2, line 16) to provide a stronger incentive that will further encourage farmers to pursue sustainable energy projects.**

Thank you for the opportunity to testify.

# Testimony before the Senate Committee on

## Agriculture and Hawaiian Affairs

### H.B. 2261 HD2 – Relating to Agricultural Loans

Tuesday, March 11, 2008  
2:45 pm, Conference Room 224

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

Chair Tokuda, Vice-Chair English 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 HD2 that would provide incentives for biodiesel development in Hawaii.**

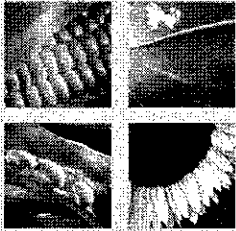
As you may know, HECO Utilities are committed to exploring and using biofuels in its existing and planned generating units. The use of biofuels can reduce the State's dependence on imported oil and increase the amount of renewable energy from sustainable resources. This commitment by the HECO Utilities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

- HECO's next power plant (100 MW) on Oahu (located at Campbell Industrial Park) will be 100% biofueled;
- MECO tested biodiesel in its diesel engines and combustion turbine at Maalaea power plant and will conduct further tests;

- HECO and MECO are partnering with BlueEarth Biofuels to build a 40 million gallon per year biodiesel production plant 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 is examining micro-algae biofuel development that could use carbon dioxide from our power plant stacks.

In conclusion, HECO Utilities support H.B. 2261 HD2 as a way to stimulate the development of locally produced biofuels.

Thank you for the opportunity to present this testimony.



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# Hawaii Crop Improvement Association

*Growing the Future of Worldwide Agriculture in Hawaii*

Testimony by: Sarah Styan  
HB 2261hd2, Agricultural Loans  
Senate AHW Committee  
Tuesday, March 11, 2008  
Room 224: 2:45 pm

**LATE**

Position: Support

Chair Tokuda and Members of the Senate AWH Committee:

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. I can be reached at 808-338-8300 ext. 113 if there are any questions. Thank you for the opportunity to present testimony.

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