

Testimony before the Senate Committee on

Ways and Means

H.B. 2261 HD2 SD1 – Relating to Agricultural Loans

**Friday, March 28, 2008
9:30 am, Conference Room 211**

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

Chair Baker, Vice-Chair Tsutsui 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 SD1 that would provide incentives for biodiesel development in Hawaii.

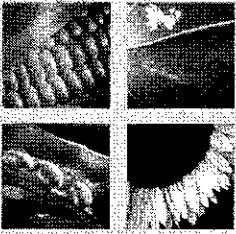
As you may know, HECO Utilities are committed to exploring and using biofuels in its existing and planned generating units. The use of biofuels can reduce the State's dependence on imported oil and increase the amount of renewable energy from sustainable resources. This commitment by the HECO Utilities 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 SD1 as a way to stimulate the development of locally produced biofuels.

Thank you for the opportunity to present this testimony.



Hawaii Crop Improvement Association

Growing the Future of Worldwide Agriculture in Hawaii

Testimony by: Sarah Styan
HB 2261 sd1, Agricultural Loans
Senate WAM Committee
Friday, March 28, 2008
Room 211: 9:30 am

Position: Support

Chair Baker and Members of the Senate WAM 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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**Hawaii
Aquaculture
Association**

To:

THE SENATE
THE TWENTY-FOURTH LEGISLATURE
REGULAR SESSION OF 2008

COMMITTEE ON WAYS AND MEANS
Sen. Rosalyn H. Baker, Chair
Sen. Shan S. Tsutsui, Vice Chair

HEARING

DATE: Friday, March 28, 2008
TIME: 9:30 AM
PLACE: Conference Room 211, State Capitol
415 South Beretania Street

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

Re: **HB 2261 HD2 SD1** Relating to loans to assist agricultural and aquacultural industries

Chair Baker, Vice-Chair Tsutsui, and Members of the Committee:

The Hawaii Aquaculture Association (HAA) **strongly supports House Bill 2261 HD2 SD1**, 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 positively on this bill 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 FARM BUREAU FEDERATION
2343 ROSE STREET
HONOLULU, HI 96819**

MARCH 28, 2008

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS & MEANS

TESTIMONY ON HB 2261, HD 2, SD 1
RELATING TO AGRICULTURAL LOANS

Chair Baker 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, SD 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 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.

Thank you for allowing us to testify on this measure.

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 SENATE COMMITTEE ON WAYS AND MEANS
FRIDAY, MARCH 28, 2008
9:30 A.M.
ROOM 211

HOUSE BILL NO. 2261, H.D. 2, S.D. 1
RELATING TO AGRICULTURAL LOANS

Chairperson Baker and Members of the Committee:

Thank you for the opportunity to comment on House Bill No. 2261, H.D. 2, S.D. 1. The Department strongly supports this bill which creates 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 or utilize technology to offset some of their energy costs. In addition, any excess energy produced 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 become more energy self reliant or comply with food safety requirements allowing them to be more competitive and food safety compliant.