

HB 2503 HD1

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 COMMITTEES ON
AGRICULTURE AND HAWAIIAN AFFAIRS
AND ENERGY AND ENVIRONMENT
THURSDAY, MARCH 20, 2008
2:45 p.m.
Room 224

HOUSE BILL 2503, HOUSE DRAFT 1
RELATING TO AGRICULTURAL LANDS

Chairpersons Tokuda and Menor and Members of the Committees:

Thank you for the opportunity to testify on House Bill No. 2503, House Draft 1. The Department of Agriculture supports this bill and the efforts to increase the development and use of agriculture-based renewable energy resources in as broad a manner as possible. This bill proposes to establish "agricultural-energy facilities" operated by "agricultural-energy enterprises" as a permissible use in the Agricultural District on class "A" and "B" lands with the condition that "...the total acreage devoted to agricultural activity by an agricultural-energy enterprise shall not be less than ninety per cent of the total acreage owned, leased, licensed, or operated by the agricultural-energy enterprise." An agricultural-energy enterprise is defined as a business that "...integrally incorporates an agricultural activity with an agricultural-energy facility." An "agricultural-energy facility" is defined as a facility that generates, stores or distributes renewable energy or fuel derived from products of agricultural activities from agricultural lands located in Hawaii. The "agricultural activity" can be located anywhere in the State and is limited to:

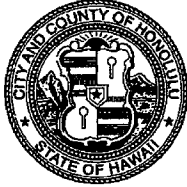
- "(1) Cultivation of crops, including but not limited to crops for bioenergy, flowers, vegetables, foliage, fruits, forage, and timber;

- (2) Game and fish propagation;
- (3) Raising of livestock, including but not limited to poultry, bees, fish, or other animal or aquatic life that are propagated for economic or personal use;"

The bill requires agricultural production to be the primary use of qualified agricultural land. It does not appear to preclude or impede "agricultural-energy enterprises" of different scales of operation, crop types, and acreage. We would like to note that this bill and other similar vehicles must recognize and establish a balance between the desire to increase Hawaii's agriculture-based renewable energy resources and other agricultural production needs such as food production.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
TELEPHONE: (808) 768-8000 • FAX: (808) 527-6743
INTERNET: www.honolulu.gov • DEPT. WEB SITE: www.honoluluodpp.org



MUFI HANNEMANN
MAYOR

HENRY ENG, FAICP
DIRECTOR

DAVID K. TANQUE
DEPUTY DIRECTOR

March 20, 2008

The Honorable Jill N. Tokuda, Chair
and Members of the Committee on Agriculture
and Hawaiian Affairs

The Honorable Ron Menor, Chair
and Members of the Committee on Energy
and Environment
The Senate
State Capitol
Honolulu, Hawaii 96813

Dear Chairs Tokuda, Menor and Members:

**Subject: HOUSE BILL 2503 HD1
Relating to Agricultural Lands**

The Department of Planning and Permitting has **comments** on House Bill 2503 HD1, which allows agricultural-energy facilities on lands in the state agricultural district.

We support increased energy efficiency and use of renewable energy resources. We have no objections to allowing facilities that generate, store or distribute renewable energy or fuel as an accessory use to agriculture.

However, there appears to be a bill-drafting issue in that the bill addresses an accessory use as if it were a principal use. The bill stipulates that 90 percent of the agricultural-energy enterprise must be involved in agriculture; which means the principal use is agriculture, with an accessory component being agricultural-energy processing.

And yet, we recognize that ten percent of a large-sized property devoted to agricultural-energy facilities can involve a significant amount of acreage, and create buffering, visual, safety and odor issues, even as an accessory use. Therefore, outright allowance may not be appropriate, especially if residences are located nearby.

Therefore, consideration should be given to amending Senate Bill 2849 SD1 to allow agricultural-energy facilities as an accessory use under the special permit process to allow for discretionary review. This would allow any adverse impacts to be mitigated by conditions of approval.

The Honorable Jill N. Tokuda, Chair
and Members of the Committee on Agriculture
and Hawaiian Affairs

The Honorable Ron Menor, Chair
and Members of the Committee on Energy
and Environment

The Senate

Re: House Bill 2503 HD1

March 20, 2008

Page 2

Thank you for this opportunity to comment.

Very truly yours,

A handwritten signature in black ink, appearing to read "Henry Eng", with a long, sweeping flourish extending to the right.

Henry Eng, FAICP Director
Department of Planning and Permitting

HE: jmf
hb2503hd1-kh.doc



Hawaii Farm Bureau
F E D E R A T I O N

2343 Rose Street, Honolulu, HI 96819
PH: (808)848-2074; Fax: (808) 848-1921

March 20, 2008

HEARING BEFORE THE
SENATE COMMITTEE ON AGRICULTURE & HAWAIIAN AFFAIRS
AND
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

TESTIMONY ON
HB 2503
RELATING TO AGRICULTURAL LANDS

Chair Tokuda and Chair English and committee members:

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 supports **HB 2503** permits the use of lands in agricultural land use districts to be used for agricultural energy facilities provided that the primary activity of the agricultural energy enterprise is agricultural activity.

The introduction of this Bill is timely, with the increase interest in installation of renewable energy facilities on agricultural lands. We recognize and support the importance of solar energy in Hawaii's future and that it does provide significant opportunities for our farmers and ranchers. We believe that this is part of being self sufficient and by encouraging agricultural operations to generate its own source of power via solar they can be self contained and not be so reliant on the normal public utility.

We respectfully request your support of this measure.

Thank you.



Hawaii Agriculture Research Center

99-193 Aiea Heights Drive, Suite 300

Aiea, Hawaii 96701

Ph: 808-487-5561/Fax: 808-486-5020

**TESTIMONY BEFORE THE SENATE COMMITTEES
ON AGRICULTURE AND HAWAIIAN AFFAIRS
AND
ENERGY AND ENVIRONMENT**

HOUSE BILL 2503 HD1

RELATING TO AGRICULTURAL LANDS

March 20, 2008

Chairs Tokuda and Menor and Members of your Committees:

My name is Stephanie Whalen. I am President and Research Director of the Hawaii Agriculture Research Center (HARC). I am testifying today on behalf of the center, our research and support staff, and our members and clients.

HARC supports House Bill 2503 HD1 Relating to Agricultural Lands allowing agricultural-energy facilities as accessory to agricultural production.

As the state begins to recognize and focus on food and energy security it makes sense to allow, encourage, and ultimately incentivize the co-production of food and fuel producing activities.

Thank you for the opportunity to testify in support of Hawaii's agricultural needs.

Testimony before the Senate Committees on

Agriculture and Hawaiian Affairs and Energy and Environment

H.B. 2503 HD1– Relating to Agricultural Lands

**Thursday, March 20, 2008
2:45 pm, Conference Room 224**

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

Chairs Tokuda and Menor, Vice Chairs English and Hooser, 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. 2503 HD1 that permits the use of lands in agricultural land use districts to be used for agricultural-energy facilities.

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. 2503 HD1 as a way to stimulate the development of locally produced biofuels.

Thank you for the opportunity to present this testimony.

PACIFIC WEST ENERGY LLC
I KAUMAKANI AVENUE
PO BOX 220
KAUMAKANI, KAUAI, HI 96747

March 17, 2008

The Honorable Senator Jill N. Tokuda, Chair and Members
of the Committee on Agriculture and Hawaiian Affairs
The Honorable Senator Ron Menor, Chair and Members
of the Committee on Energy and Environment

RE: HB 2503, HD1 Relating to Agricultural Lands

Chairpersons Tokuda and Menor and members of your committees, my name is William Maloney and I am President and Chief Executive Officer of Pacific West Energy, LLC. Pacific West Energy, a developer of renewable energy projects, in partnership with Gay and Robinson, Inc., has formed G&R Ag-Energy and is developing an integrated, renewable energy facility on Kauai, featuring the state's first ethanol plant.

G&R Ag-Energy supports HB 2503's intent to balance the interests of agriculture and energy production on agriculturally designated lands. This bill seeks to provide an incentive for owners of agricultural land to examine uses for agricultural lands that will provide needed revenues to enhance the production of agricultural crops for market or further energy production or both.

G&R Ag-Energy believes that this bill will assist in our ability to enhance our sugar operations and ethanol production for further business stabilization. This will also enhance the Island of Kauai's renewable energy production thru the use of local feedstocks, thus lowering the islands dependence on imported oil.

We do understand that the bill, in its present form, may inadvertently exclude other similar but non-qualifying agriculture-based renewable energy concepts from consideration as permissible uses, however, we believe that the key element of this concept is "a renewable energy facility that is integrated with an agricultural activity." We believe that this paramount in maintaining a "balance" between crop and energy production on agricultural lands.

We welcome the opportunity to work with this Committee or others in an effort to fully develop and enhance agriculture in Hawaii.

Thank you for this opportunity to support HB 2503, HD1.

Sincerely,

William M. Maloney
President
Pacific West Energy LLC