

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

MARCH 13, 2008

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

TESTIMONY ON SB 2467  
RELATING TO LOANS TO ASSIST AGRICULTURAL AND  
AQUACULTURAL INDUSTRIES.

Chair Tsuji and Chair 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 SB 2467, 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 3, line 6) 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.

# LIFE OF THE LAND

*Ua Mau Ke Ea O Ka Aina I Ka Pono*

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## COMMITTEE ON AGRICULTURE

Chair: Rep. Clift Tsuji

Vice Chair: Rep. Tom Brower

## COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Chair: Rep. Hermina M. Morita

Vice Chair: Rep. Mele Carroll

Thursday, March 13, 2008

9:30 am

Room 312

SB 2467, SD2 Agricultural Loans

COMMENTS

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

Life of the Land is Hawai'i's own environmental and community action group advocating for the people and the `aina since 1970. Our mission is to preserve and protect the life of the land through sustainable land use and energy policies and by promoting open government through research, education, advocacy, and litigation.

SB 2467, SD2 states: "Farm sustainable projects means projects that improve the [economic] operations viability ... Projects may include ... bio-diesel production, and ethanol production. ... The loans shall be for an amount not to exceed \$1,500,000 or eighty-five per cent of the project cost, whichever is the lesser, and for a term not to exceed forty years."

Thus sustainability refers to economic profitability rather than environmental, health or climate sustainability. Imagine lending \$1.5M of state money to support a biodiesel project that makes money for its advocate while hurting the environment and leading to worsening greenhouse gas emissions.

This Legislature passed Act 234-2007 (Greenhouse Gas Task Force) and has avoided

looking at how other bills passed may affect greenhouse gas emissions. This is a serious error. All biofuels are not created equal.

**Wall Street Journal (December 5, 2006, Page 1)**

"Among the world's most fabled islands, Borneo --which is divided between Indonesia and Malaysia --is considered by environmentalists to be one of the last great tropical wildernesses. It's home to rare and unusual species, including the wild orangutan, the clouded leopard and the Sumatran rhinoceros. ... Now, the palm-oil boom threatens what's left. ...

As fires burn deep into the dry peat soil beneath Indonesia's forests, centuries of carbon trapped in the biomass are released into the atmosphere. A study presented last month at a U.N. Climate Change Conference in Nairobi showed that Indonesia is the world's third biggest carbon emitter behind the U.S. and China, when emissions from fires and other factors are considered."

<http://online.wsj.com/article/SB116501541088338547-search.html?KEYWORDS=palm+oil+burning&COLLECTION=wsjie/6month>

**New York Times (February 8, 2008): Biofuels Deemed a Greenhouse Threat**  
<http://www.nytimes.com/2008/02/08/science/earth/08wbiofuels.html?hp>

**Asia Times (Nov 29, 2007) More bad rap on Asian biofuels**  
<http://www.atimes.com/atimes/Southeast Asia/IK29Ae01.html>

**Wall Street Journal (November 28, 2007) Ethanol Craze Cools As Doubts Multiply**  
<http://online.wsj.com/public/article/SB119621238761706021.html>

**Smithsonian Magazine (November 2007) Who's Fueling Whom? Why the biofuels movement could run out of gas.**  
[www.smithsonianmag.com/science-nature/presence-biofuel-200711.html](http://www.smithsonianmag.com/science-nature/presence-biofuel-200711.html)

**The Christian Science Monitor (May 21, 2007)**  
Hidden costs of corn-based ethanol: Diverting corn from food to fuel could create unprecedented turmoil [www.csmonitor.com/2007/0521/p09s02-coop.html](http://www.csmonitor.com/2007/0521/p09s02-coop.html)

**The Nature Conservancy**  
According to the study, co-authored by Joe Fargione, a regional scientist for the Conservancy, "converting rainforests, peatlands, savannas, or grasslands to produce biofuels in Brazil, Southeast Asia, and the United States creates a 'biofuel carbon debt' by releasing 17 to 420 times more carbon dioxide than the fossil fuels they replace."  
[www.nature.org/initiatives/climatechange/features/art23819.html](http://www.nature.org/initiatives/climatechange/features/art23819.html)

**The Garden Island (Feb 23, 2008)**  
Crop biofuels unlikely to halt climate change  
[www.kauaiworld.com/articles/2008/02/24/news/ne](http://www.kauaiworld.com/articles/2008/02/24/news/ne)

**BBC (March 6, 2008)** Warnings over future food crisis: New [UK] chief science adviser, Professor John Beddington ... The world's 6.5 billion population is expected to reach nine billion by 2050. This, combined with growing consumption as poverty is alleviated, will put huge pressure on food supplies, he said. Climate change is expected to worsen the problem, reducing rainfall and affecting crop growth. Added to this, efforts to tackle climate change - by using biofuels instead of fossil fuels - are taking more land away from food production. <http://news.bbc.co.uk/1/hi/uk/7282196.stm>

**United Nations (February 14, 2008)** Biofuels are starving the poor by driving up food prices <http://news.mongabay.com/2008/0214-fao.html>

**Newsday (February 18, 2008) Editorial:** Don't be biofooled about biofuels  
The nation's enthusiastic embrace of biofuels as a greener alternative to imported petroleum has run afoul of the law of unintended consequences. ... Ethanol production is already jacking up food prices, another unintended consequence. A sound energy policy must take all this into account in the rush for greener alternatives.  
[www.newsday.com/news/opinion/ny-vpbio185582310feb18,0,373591.story](http://www.newsday.com/news/opinion/ny-vpbio185582310feb18,0,373591.story)

Henry Curtis  
Executive Director

Mahalo,

Henry Curtis  
Executive Director

# Hamakua Springs Country Farms

MARCH 13, 2008

HEARING BEFORE THE  
House Committee of Agriculture  
Committee on Energy and Environmental Protection  
Committee of Finance

TESTIMONY ON SB2467-SD2  
RELATING TO AGRICULTURAL LOANS

Chairs Tsuji, Morita, Oshiro and Members of the Committees:

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 SB2467 SD2 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.

We are especially in support of the provision that sets the interest rate at 3%. This will encourage farmers to initiate energy projects.

Thank you for the opportunity to testify.