

LINDA LINGLE
Governor



SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

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Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
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TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON AGRICULTURE
WEDNESDAY, MARCH 12, 2008
9:30 A.M.
ROOM 325

SENATE BILL NO. 2639, S.D. 1
RELATING TO LOANS FOR AGRICULTURAL AND AQUACULTURE PURPOSES

Chairperson Tsuji and Members of the Committee:

Thank you for the opportunity to comment on Senate Bill 2639, S.D. 1. The department strongly supports this bill, which makes the aquaculture loan program similar to the agriculture loan program. The bill creates a "new aquaculturists program" similar to a new farmer program to help establish new aquaculture operations. Aquaculture loan limits are increased to a level equivalent to agriculture loan limits to assist with increased capital requirements for operations such as open ocean cage culture. The aquaculture requirements for credit denials are reduced to be identical to the agriculture requirement. The bill also combines the aquaculture and agriculture revolving and reserve funds to provide flexibility in funding depending upon demand and without the need to increase the expenditure ceilings for each fund.

The aquaculture industry has recently undergone tremendous growth in recent years. In the period from 2000 to 2005 the industry grew 27% from \$22.17 million to \$28.4 million. The proposed bill will assist the aquaculture industry by expanding the aquaculture loan program by making it similar to the agriculture loan program and providing greater flexibility in funding.



Hawaii Aquaculture Association

To: THE HOUSE OF REPRESENTATIVES
THE TWENTY-FOURTH LEGISLATURE
REGULAR SESSION OF 2008

COMMITTEE ON AGRICULTURE
Rep. Clift Tsuji, Chair
Rep. Tom Brower, Vice Chair

HEARING

DATE: Wednesday, March 12, 2008
TIME: 9:30 AM
PLACE: Conference Room 325, State Capitol
415 South Beretania Street

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

Re: **SB 2639 SD1** Relating to Loans for Agricultural and Aquaculture Purposes

Chair Tsuji, Vice Chair Brower, and Committee Members:

The Hawaii Aquaculture Association (HAA) **strongly supports Senate Bill No. 2639 SD1**, which increases aquaculture loan limits for Class A and B loans to \$800,000; makes credit denial requirements identical to the agricultural loan program by eliminating the one loan denial; creates a “new aquaculturalist program;” transfers and incorporates aquaculture funds into the agricultural loan revolving fund and increases the expenditure ceiling of the agricultural loan revolving fund up to the combined ceiling for the agricultural and aquaculture loan revolving funds.

The Department of Agriculture has two separate programs for traditional agricultural and aquaculture farmers. The present programs have lower loan limits and do not acknowledge helping newly trained or starting aquaculturists without a farm. Currently the federal government treats aquaculture projects like agriculture projects and accepts the two activities as being equivalent whether one is farming water or land. Thus, it makes sense to combine the two loan programs and make higher loan limits available to our farmers granting greater flexibility for agricultural development.

The HAA strongly requests the passage of SB 2639 SD1, which increases aquaculture loan limits to \$800,000; makes credit requirements identical; creates a “new aquaculturalist program;” transfers and incorporates an unified agricultural and aquaculture loan program. Thank you for the opportunity to testify.

Testimony before the House Committee on Agriculture

S.B. 2639 SD1 – Relating to Loans for Agricultural and Aquaculture Purposes

**Wednesday, March 12, 2008
9:30 am, Conference Room 325**

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

Chair Tsuji, Vice Chair Brower, 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 S.B. 2639 SD1 that would create an agricultural loan revolving fund for farmers and aquaculturists that could be used for biofuels crop development. 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;

- 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.

In conclusion, HECO Utilities support S.B. 2639 SD1 as a way to stimulate the development of locally produced biofuels.

Thank you for the opportunity to present this testimony.