

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

FEBRUARY 15, 2008
9:30 A.M.

SENATE BILL NO. 2639
RELATING TO LOANS FOR AGRICULTURAL AND AQUACULTURE PURPOSES

Chairperson Baker and Members of the Committee:

Thank you for the opportunity to comment on Senate Bill 2639. 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 making the aquaculture loan program more equal with the agriculture loan program and providing greater flexibility in funding.

Testimony before the Senate Committee on

Ways and Means

S.B. 2639 – Relating to Loans to Agricultural and Aquacultural Purposes

**Friday, February 15, 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 S.B. 2639 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 developing test plans for a biofuel blend demonstration in a steam boiler generating unit on Oahu;
- HELCO will be testing biodiesel blends in a diesel engine on the Big Island;
- MECO will be testing glycerin (biodiesel by-product) in a Kahului steam boiler on Maui; and
- 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 as a way to stimulate the development of locally produced biofuels.

Thank you for the opportunity to present this testimony.

testimony

From: Bill Spencer [bspencer@hawaii.rr.com]
Sent: Thursday, February 14, 2008 9:49 AM
To: testimony
Subject: Testimony in Support of SB2639
Attachments: Testimony in Support of SB2639.doc

**Hawaii Oceanic Technology, Inc.
425 South Street, Suite 2902
Honolulu, Hawaii 96813
808-225-3579**

February 14, 2008

To: Chair, Senate Ways and Means

**SUBJECT: Strong Support for SB2639 - RELATING TO LOANS FOR
AGRICULTURAL AND AQUACULTURE PURPOSES**

Dear Chair Baker,

I wish to strongly support SB2639. Hawaii's aquaculture industry could be one of Hawaii's most important export industries, create hundreds of jobs and help achieve a level of sustainability by producing locally grown seafood.

I encourage this committee to support aligning the requirements for Aquaculture loans with Agriculture loans.

Sincerely,

/s/

William Spencer
Chief Executive Officer

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Honolulu, Hawaii 96813
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/s/

William Spencer
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