

Honolulu, Hawaii

APR 04 2008

RE: H.B. No. 2261
H.D. 2
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 2261, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURAL LOANS,"

begs leave to report as follows:

The purpose of this measure is to authorize the Department of Agriculture to offer a new class of loans in its agricultural loans and aquaculture loan programs.

Specifically, the new class of loans will cover either farm sustainable projects under the agricultural loans program or aquaculture sustainable projects under the aquaculture loan program. Sustainable projects are defined as projects that improve the operation's viability but are not directly tied to farm crop or aquaculture production, such as the generation of energy and power.

The loans shall not exceed a term of forty years and an amount that is the lesser of \$1,500,000 or eighty-five per cent of the project cost. For the agricultural loans, the simple interest rate on the unpaid principal balance will be three per cent a year. For the aquaculture loans, the simple interest rate on the unpaid principal balance will be set by rule.

Your Committee received testimony in support of this measure from the Department of Agriculture, Hawaii Farm Bureau Federation,

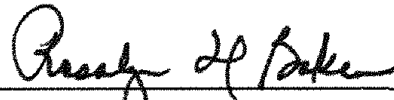


Hawaii Aquaculture Association, Hawaii Crop Improvement Association, and Hawaiian Electric Company.

Your Committee finds that this measure will encourage the agriculture and aquaculture industries to contribute to the production of alternative sources of energy for the consumers of this State.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2261, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



ROSALYN W. BAKER, Chair



