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WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT
ON
SENATE BILL NO. 2431

February 5, 2024
1:00 p.m.
Room 224 and Videoconference

RELATING TO AGRICULTURAL LOANS

The Department of Budget and Finance (B&F) offers comments on this bill.

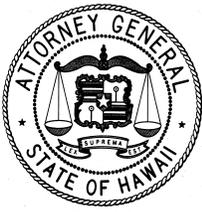
Senate Bill (S.B.) No. 2431: 1) amends Chapter 155, Part I, HRS, to add a new section to establish the Agricultural Emergency Loan Revolving Fund (AELRF) to be administered by the Department of Agriculture (DOA) for the purpose of funding Class "D" loans made pursuant to Section 155-9(e), HRS; 2) amends Subsection 155-14(b), HRS, to allow the Agricultural Loan Revolving Fund (ALRF) and AELRF to receive all payments received on account of principal, depending on which fund provided the original funding for each loan; 3) appropriates an unspecified sum of general funds for FY 25 to be deposited into the AELRF; and 4) appropriates an unspecified sum of expenditure ceiling for FY 25 for the AELRF.

As a matter of general policy, B&F does not support the creation of any revolving fund, which does not meet the requirements of Section 37-52.4, HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund

appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding S.B. No. 2431, it is difficult to determine whether the proposed AELRF would be self-sustaining.

B&F notes that the existing ALRF already has the authority to issue and collect payments from Class "D" loans pursuant to Subsection 155-9(e), HRS, in response to emergencies as determined by the Board of Agriculture, so it may be redundant to establish a second AELRF to issue and collect from Class "D" loans. Finally, B&F defers to DOA on the programmatic merits of this bill.

Thank you for your consideration of our comments.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-SECOND LEGISLATURE, 2024**

ON THE FOLLOWING MEASURE:

S.B. NO. 2431, RELATING TO AGRICULTURAL LOANS.

BEFORE THE:

SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

DATE: Monday, February 5, 2024 **TIME:** 1:00 p.m.

LOCATION: State Capitol, Room 224 and Videoconference

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Kelcie K. Nagata or Bryan C. Yee, Deputy Attorneys General

Chair Gabbard and Members of the Committee:

The Department of the Attorney General provides the following comments:

The purpose of this bill is to establish an “agricultural emergency loan revolving fund” within the Department of Agriculture by adding a new section to chapter 155, Hawaii Revised Statutes (HRS), to fund class “D” emergency loans made to qualified farmers pursuant to section 155-9(e), HRS.

Currently, the bill does not explain why the class “D” emergency loans could not be made with funds obtained through the general fund appropriation process or even the existing Agricultural Loan Revolving Fund established by section 155-14, HRS. Section 37-52.4, HRS, which provides criteria for the establishment and continuance of revolving funds, requires that the Legislature “shall ensure that the revolving fund: (1) [s]erves a need, as demonstrated by: . . . (C) [a]n explanation of why the program cannot be implemented successfully under the general fund appropriation process.”

Accordingly, we recommend that this bill include an explanation of why the class “D” emergency loan program cannot be implemented successfully with general funds and must instead be implemented with the establishment of a separate revolving fund.

Thank you for the opportunity to offer comments.

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



SHARON HURD
Chairperson, Board of Agriculture

DEXTER KISHIDA
Deputy to the Chairperson

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**TESTIMONY OF SHARON HURD
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

**MONDAY, FEBRUARY 5, 2024
1:00 PM
CONFERENCE ROOM**

**SENATE BILL NO. 2431
RELATING TO AGRICULTURAL LOANS**

Chair Gabbard, Vice Chair Richards and Members of the Committee:

Thank you for the opportunity to present testimony on Senate Bill 2431. This bill creates an emergency loan revolving fund that will be dedicated to funding agricultural emergency loans. The emergency loan program serves as a safety net to farmers and ranchers during times of emergency. The Department strongly supports this bill.

Hawaii farms and ranches are facing unprecedented challenges to their operations from natural disasters, invasives, diseases, blights, lava inundations, droughts, floods, high winds, and fires. Due to climate change these events are occurring with greater frequency creating much hardships to already struggling farm and ranch operations throughout the State.

An effective emergency program enables the Department to provide timely assistance and aid to repair damaged infrastructure, replant crops, or replace equipment and supplies allowing them to continue their operation. Having a dedicated source of funding for agricultural emergencies will ensure that funding is available when it is needed.

Thank you for the opportunity to testify.





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February 5, 2024

HEARING BEFORE THE
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

TESTIMONY ON SB 2431
RELATING TO AGRICULTURAL LOANS

Conference Room 224 & Videoconference
1:00 PM

Aloha Chair Gabbard, Vice-Chair Richards, and Members of the Committees:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate, and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau supports SB 2431, which establishes the Agricultural Emergency Loan Revolving Fund to be administered by the Department of Agriculture, to fund Class "D" loans.

Hawai'i farmers and ranchers have and will continually have their operations impacted by natural disasters, global epidemics, pests, diseases, high winds, thunderstorms, hurricanes, fires, floods, earthquakes, lava flow, vog or other volcanic activity, droughts, and tsunamis. Supply chain issues and other shipping disruptions, livestock diseases and crop blight are also challenging for agricultural producers. These unexpected disasters can result in devastating economic damage and emergency financial assistance is critical to help our farmers and ranchers recover from production and physical losses.

An Agricultural Emergency Loan Revolving Fund would ensure that HDOA has dedicated funding to offer emergency loans to quickly respond to agricultural emergencies to assist farmers and ranchers with funding to help repair damaged infrastructure, replant crops, or replace equipment and supplies allowing them to continue farming or ranching.

Thank you for the opportunity to testify in support of this measure.