

JAN 25 2023

A BILL FOR AN ACT

RELATING TO AGRICULTURAL LOANS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 155, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§155- Agricultural emergency loan revolving fund. (a)

5 There is established in the state treasury the agricultural
6 emergency loan revolving fund, to be administered and expended
7 by the department of agriculture, into which shall be deposited:

8 (1) All payments received on account of principal from
9 loans made by the fund; and

10 (2) Appropriations made by the legislature to the fund.

11 (b) Moneys in the agricultural emergency loan revolving
12 fund shall be used to fund class D emergency loans made pursuant
13 to section 155-9(e)."

14 SECTION 2. Section 155-14, Hawaii Revised Statutes, is
15 amended by amending subsection (b) to read as follows:

16 "(b) All payments received on account of principal shall
17 be credited to the agricultural loan revolving fund[+] or the

S.B. NO. 1269

1 agricultural emergency loan revolving fund based on which fund
2 provided the original funding for the loan."

3 SECTION 3. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$2,500,000 or so much
5 thereof as may be necessary for fiscal year 2023-2024 to be
6 deposited into the agricultural emergency loan revolving fund.

7 SECTION 4. There is appropriated out of the agricultural
8 emergency loan revolving fund the sum of \$2,500,000 or so much
9 thereof as may be necessary for fiscal year 2023-2024 for the
10 purposes of the fund.

11 The sum appropriated shall be expended by the department of
12 agriculture for the purposes of this Act.

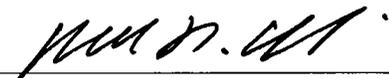
13 SECTION 5. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 6. This Act, upon its approval, shall take effect
16 on July 1, 2023.

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INTRODUCED BY:



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BY REQUEST

S.B. NO. 1269

Report Title:

Agricultural Loans; Appropriation

Description:

Establishes the agricultural emergency loan revolving fund, to be administered by the Department of Agriculture, to fund Class D emergency loans. Provides a separate source of funding for agricultural emergency loans. Makes an appropriation.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

SB No. 1269

DEPARTMENT: Agriculture

TITLE: A BILL FOR AN ACT RELATING TO AGRICULTURAL LOANS.

PURPOSE: The purpose of this bill is to establish the agricultural emergency loan revolving fund to be administered by the Department of Agriculture.

MEANS: Add a new section to chapter 155, Hawaii Revised Statutes (HRS). Amend section 155-14(b), HRS.

JUSTIFICATION: Emergency loans to agricultural enterprises are currently funded from the agricultural loan revolving fund. The agricultural loan revolving fund is also used to fund all of the agricultural loan program's other loans, including loans intended to encourage agricultural development. This results in competition for the limited funds in the agricultural loan revolving fund and may result in a lack of funds to respond to agricultural emergencies, as the program does not reserve funds for any specific purpose or program. The agricultural loan program has approved thirty-one emergency loans totaling \$2.3 million over the past four years. Climate changes, pandemics, and natural disasters have increased the need to extend the emergency loans to agricultural enterprises, which has reduced the availability of funds in the agricultural loan revolving fund for other statutorily mandated uses including encouraging agricultural development. Having a separate and dedicated fund for emergency loans will help ensure that there is adequate funding available to help the farming community to survive future disasters.

Impact on the public: The bill will establish a permanent source of funding to ensure rapid recovery of farms and ranches

SB NO. 1269

from natural and economic disasters to continue providing Hawaii's citizens with fresh, nutritious, and wholesome produce, meat, and vegetables.

Impact on the department and other agencies:
The department will have a dedicated source of funding to rapidly respond to agricultural emergencies and will be able to balance the need to help agricultural enterprises survive disasters with the need to expand local food production. No impact to other agencies.

GENERAL FUND: \$2,500,000

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: AGR 101.

OTHER AFFECTED
AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: July 1, 2023.