

**JOSH GREEN, M.D.**  
Governor

**SYLVIA LUKE**  
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State of Hawai'i  
**DEPARTMENT OF AGRICULTURE**  
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**SHARON HURD**  
Chairperson, Board of Agriculture

**DEAN M. MATSUKAWA**  
Deputy to the Chairperson

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

**BEFORE THE SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT**

**FEBRUARY 3, 2025**  
**1:02 PM**  
**CONFERENCE ROOM 224**

**SENATE BILL NO. 1303**  
**RELATING TO AGRICULTURAL LOANS**

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

Thank you for the opportunity to testify on Senate Bill 1303. The bill updates the agricultural loan program by lowering and fixing interest rates, increasing loan limits and reducing the number of credit denials required to qualify for the program. The bill also creates a new line of credit program and a loan program to encourage larger scale agriculture for import replacement and the farm to state programs. Includes an appropriation.

The Hawaii Department of Agriculture strongly supports this measure. Access to affordable capital has long been an issue for the state's farmers and ranchers and is often cited as a critical roadblock to the progression of agriculture. Fixing interest rates makes farm planning purposes easier and is more equitable for borrowers rather than having rates fixed at the time of loan approval. Larger loan limits are needed to deal with inflation, increased cost of production and to encourage larger scale agriculture. Currently no other government agricultural lender offers lines of credit but having faster access to funds is often needed in the business pace of today and allows farmers to



take advantage of short-term time sensitive deals. For farms to compete with imported crops and produce crops for farm-to-state programs they will need to be price competitive. Large scale agriculture offers economies of scale to keep down production costs and allows for production amounts that can meet the needs of regional kitchens and processing facilities.

Thank you for the opportunity to testify on this measure.



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SENATE COMMITTEE ON AGRICULTURE AND THE ENVIRONMENT  
Monday, February 3, 2025 — 1:02 p.m.

**Ulupono Initiative supports SB 1303, Relating to Agricultural Loans.**

Dear Chair Gabbard and Members of the Committee:

My name is Mariah Yoshizu, and I am the Government Affairs Associate at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy and clean transportation choices, and better management of freshwater resources.

**Ulupono supports SB 1303**, which updates the agricultural loan program by lowering interest rates, increasing and standardizing loan limits, and reducing the number of credits denials. This bill also authorizes the agricultural loan program to issue lines of credit and creates a new class of loans to encourage large scale agriculture of import replacement crops.

Severely impacted by the COVID-19 pandemic, the demise of markets, surging inflation, and the substantial increased costs of doing business, local agriculturalists need our support more than ever. Farmers, ranchers, and vested stakeholders from across the state have expressed a strong desire to move forward on shared goals to grow and invest in local agriculture.

Recognizing its pivotal role, the Hawai'i Department of Agriculture (HDOA) last year launched a massive statewide outreach effort — its most extensive in recent memory — to identify the industry's top priorities and long-standing challenges. Through this process, Hawai'i's agricultural producers and affiliated organizations shared intimate experiences and insights on the most pressing needs. Access to capital emerged among the many top issues.

This bill relating to agricultural loans seeks to drive forward a key initiative supporting Hawai'i's agricultural community and advancing the state's broader goals for sustainable and economically viable agriculture. By improving access to capital while encouraging larger-scale production, this legislation will help create a more robust and self-sufficient agricultural economy. The proposed changes in this bill will help farmers scale up operations, adopt new technologies, and compete more effectively with imported products.

Thank you for the opportunity to testify.

Respectfully,

Mariah Yoshizu  
Government Affairs Associate

*Investing in a Sustainable Hawai'i*



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Aloha Chair Gabbard, Vice Chair Richards, and Members of the Senate Agriculture and Environment Committee,

The Hawai'i Farmers Union is a 501(c)(5) agricultural advocacy nonprofit representing a network of over 2,500 family farmers and their supporters across the Hawaiian Islands. **HFUU supports SB1303.**

While we appreciate the intent of SB1303 to improve agricultural lending programs, we urge the Legislature to ensure that these financing opportunities do not disproportionately favor large-scale agriculture at the expense of Hawai'i's diverse farming community, which includes food hubs, cooperatives, and independent producers.

**Small and mid-sized farms produce a significant portion of Hawai'i's fresh, locally consumed food.** A loan program that primarily benefits large-scale agribusiness risks sidelining the diversity and resilience of our agricultural system. **Food hubs provide critical infrastructure** that allows smaller producers to scale up and access wholesale, retail, and institutional markets. \*Supporting food hubs strengthens the overall food supply chain and reduces dependence on imports. **Equitable access to financing ensures fair growth** for all farmers, not just those positioned to expand large-scale production.

#### Recommended Amendments to Strengthen the Bill:

##### **Include Food Hubs in Class E Loans (Farmers' Cooperatives, Corporations, and Food Manufacturers)**

Food hubs play a critical role in supporting small and mid-sized farmers by providing aggregation, distribution, and marketing services. Amending the bill to explicitly include food hubs as eligible recipients under Class E loans will provide much-needed financing for infrastructure that expands local food markets and improves food security. Section 5, Class E:

To be eligible, a farmers' cooperative, food hub, or corporation shall have a majority of its board of directors and a majority of its membership as shareholders who meet the eligibility requirements of section 155-10 and who devote most of their time to farming operations. For the purposes of this section, a 'food hub' is defined as a business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand.

### **Create a Dedicated Loan Category for Small& Mid-Sized Farmers (New Class L)**

The bill currently prioritizes large-scale import replacement agriculture, which risks directing funds toward operations that may not reflect the diverse needs of Hawai'i's food system. A dedicated Small and Mid-Sized Farmer Loan Program (Class L) should be created, capping loans at \$500,000 and ensuring reasonable terms for infrastructure, operational, and market expansion needs. Proposed Addition to Section 155-9:

(1) Class L: Small and Mid-Sized Farmer Loans shall provide credit to farmers with annual gross farm revenues under \$750,000 for operational expenses, infrastructure improvements, equipment purchases, and market expansion. These loans shall be for an amount not to exceed \$500,000 with a term not to exceed 15 years and an interest rate of three percent.

### **Lower Collateral Requirements for Small Farmers and Expand Line of Credit Limits**

Small farmers often lack traditional collateral but have strong business plans and market demand for their products. Amending Class J (Lines of Credit) to allow **\*\*higher borrowing limits (\$150,000)** with reduced collateral requirements for farmers with sound business plans will expand access to necessary capital. Section 5, Class J (Line of Credit Loans):

(1) A line of credit secured by chattel, crops, or equipment shall not exceed \$150,000 or eighty-five per cent of the collateral valuation, whichever is less. The Department of Agriculture may waive collateral requirements for applicants with strong production and business plans.

### **Ensure Equitable Distribution of Loan Funds for Producers of All Scales**

HFU recommends that at least 30% of appropriated funds be prioritized for loans to farmers with annual gross revenues under \$750,000 to ensure small and mid-sized farms receive fair access to funding.

Proposed Addition to Section 7:

At least 30% of the funds appropriated under this Act shall be prioritized for loans to farmers with annual gross revenues under \$750,000.

By adopting these amendments, SB1303 can truly serve the needs of Hawai'i's agricultural producers—large and small—while making our islands more self-sufficient and food-secure.

### **Modifying Intent Language in Section 1**

Based on the valid case for the above amendments, we suggest the following edit to Section 1:

~~Larger scale agriculture operations are more efficient and better able to compete with imported products and assist the state in becoming more self-sufficient in food production. A~~

diverse agricultural sector that includes small and mid-sized farms is essential to Hawaii's food security, economic resilience, and self-sufficiency. Modifications to the state agricultural loan program should ensure equitable access to capital for farmers of all scales, with a focus on enabling sustainable, community-based, and diversified production.

Mahalo for the opportunity to testify.

Hunter Heavilin  
Advocacy Director  
Hawai'i Farmers Union



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February 3, 2025

HEARING BEFORE THE  
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

**TESTIMONY ON SB 1303**  
RELATING TO AGRICULTURAL LOANS

Conference Room 224 & Videoconference  
1:02 PM

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

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 1303**, which strengthens the agricultural loan program by lowering interest rates, increasing and standardizing loan limits, reducing the number of required credit denials, and authorizing the issuance of lines of credit. Additionally, we support the creation of a new class of loans designed to encourage large-scale agriculture for import replacement crops that align with the Farm to State program.

Agriculture, like all businesses, requires capital investment. The cost of operating a farm or ranch in Hawai'i can be significant. In many cases, agricultural operations require capital that our local farmers just don't have, and many of Hawai'i's farmers and ranchers are finding it difficult to secure the financial support necessary to build capacity. Access to affordable HDOA loans can result in increased capacity, new business opportunities, and increased employment opportunities and address Hawai'i's goals of increased self-sufficiency and sustainability.

Lowering interest rates and increasing loan limits will provide much-needed financial relief for farmers and ranchers facing high operational costs. More favorable loan terms will encourage investment in farm expansion, equipment purchases, and sustainable practices. Additionally, reducing the number of required credit denials will expedite access to funding for viable farming operations that may not qualify for commercial loans.

Allowing the agricultural loan program to issue lines of credit will provide farmers with greater flexibility to manage cash flow and respond to market fluctuations. Many

agricultural operations experience seasonal costs and revenue variability, and access to a line of credit will enable better financial planning and stability.

Encouraging large-scale agriculture of import replacement crops for the Farm to State program is essential to strengthening Hawai'i's food security. Investing in local food production will reduce reliance on imports, stabilize local markets, and ensure that state institutions such as schools, hospitals, and correctional facilities have access to fresh, Hawai'i-grown products. Additionally, replacing imported crops with locally grown alternatives can help reduce the risk of introducing new invasive species that often arrive through imported agricultural goods, strengthening biosecurity and protecting Hawai'i's environment.

We recommend that the program remains accessible to small and mid-sized farmers who contribute significantly to Hawai'i's local food system. Additionally, streamlining the loan application and approval process will enable farmers to access funding in a timely manner, particularly for urgent operational needs. Coordination with existing federal and state agricultural support programs can further enhance financial assistance and create a more comprehensive support system.

Thank you for the opportunity to testify on this matter.





COMMITTEE ON AGRICULTURE AND ENVIRONMENT  
Senator Mike Gabbard, Chair  
Senator Herbert M. "Tim" Richards, III, Vice Chair

**SB1303**  
RELATING TO AGRICULTURAL LOANS

Monday, February 3, 2025, 1:02 PM  
Conference Room 224 & Videoconference

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

The Hawaii Cattlemen's Council **supports SB1303** which updates the agricultural loan program by lowering interest rates, increasing and standardizing loan limits, and reducing the number of credit denials. It authorizes the agricultural loan program to issue lines of credit and creates a new class of loans to encourage large scale agriculture of import replacement crops grown for the farm to state program.

Increasing costs of doing business is a constraining factor for Hawaii's agriculture sector. The cost of land, labor, equipment, and utilities continue to climb, reducing an already small profit margin. In addition, ranchers contend with environmental factors such as drought and invasive species which can have negative impacts on their bottom line. Lowering agricultural loan rates will make it easier for farmers and ranchers to obtain a line of credit to continue their operations to provide food to our community.

We appreciate the opportunity to testify on this measure. The Hawaii Cattlemen's Council (HCC) is the Statewide umbrella organization comprised of the four county-level Cattlemen's Associations. Our member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of over 750 thousand acres of land in Hawaii, or 20% of the State's total land mass. We represent the interests of Hawaii's cattle producers.

Nicole Galase  
Hawaii Cattlemen's Council  
Managing Director



**SB-1303**

Submitted on: 2/1/2025 7:00:39 PM

Testimony for AEN on 2/3/2025 1:02:00 PM

Submitted By	Organization	Testifier Position	Testify
Theresa M Thompson	Individual	Support	Written Testimony Only

Comments:

I support SB 1303 RELATING TO AGRICULTURAL LOANS.

Mahalo,

Theresa Thompson

**SB-1303**

Submitted on: 2/2/2025 12:07:10 PM

Testimony for AEN on 2/3/2025 1:02:00 PM

Submitted By	Organization	Testifier Position	Testify
McKenzie Wildey	Individual	Support	Written Testimony Only

## Comments:

My partner and I have over two decades of farming experience combined. We are considered young farmers and we have been actively trying to start our own farm, but the process has been nearly impossible. To do farming and ranching at the scale needed to pay back these ag loans, we need access to larger agricultural lots and we also need a home to live in while we farm. We both will need to continue to work our full time jobs in addition to farming in order to cover costs while getting started. Most of the lots available for sale are over the ag loan limits, and we can't qualify for ag and construction loans to start the farm and build a house.

It's heart breaking to hear all the statistics citing the fact that young people don't **want** to farm as the cause for our shortage of young farmers. That couldn't be further from the truth. I know so many people my age with the skills and drive, that would love to farm, but can't afford to even start. We want to farm. We don't get to farm.

While my partner and I are still considered "young," we're practically looking at the fact that it will take us nearly another decade to save up enough to *hopefully* have enough funds to get started on our farming journey. I'm stubborn and passionately committed to growing food for my community, so I won't let it stop me -- but by the time we get started, I will be in my mid forties and my partner in his fifties. I can't help but feel like our 'youthful energy' will be wasted. We know how physically taxing farm labor can be and starting at 45 as opposed to 35 seems much more daunting.

I support this measure and I hope these initiatives can target and aid more young local folks that care about protecting our soils, as opposed to big businesses that are more driven by profit. Our soils and water are our most precious resources. Give our young folks as chance. Mahalo.