

STAND. COM. REP. NO. 492

Honolulu, Hawaii

Feb 16, 2007

RE: H.B. No. 1662

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committees on Agriculture and Economic Development & Business Concerns, to which was referred H.B. No. 1662 entitled:

"A BILL FOR AN ACT RELATING TO STATE FUNDS,"

beg leave to report as follows:

The purpose of this bill is to provide additional financing opportunities for agricultural businesses by adding linked investment loan packages for eligible borrowers engaging in agriculture to the list of allowable short-term investments in which the Director of Finance (Director) may invest state moneys. Specifically, this bill, among other things, establishes that if the Director accepts the linked investment loan package prepared by an eligible lending institution, the Director shall place a certificate of deposit (CD) for the loan amount with the eligible lending institution.

The Hawaii Farm Bureau Federation and Maui County Farm Bureau supported this bill. The Department of Agriculture supported the intent of this measure but deferred to the Department of Budget and Finance (B&F). B&F submitted comments.

Upon further consideration, your Committees have amended this measure by:

- (1) Capping the loan amount at ninety percent of the CD's value;

HB1662 HD1 HSCR AGR-EDB HMS 2007-2219

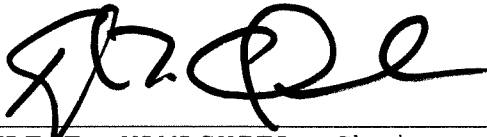


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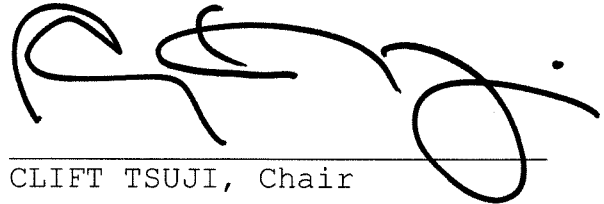
- (2) Clarifying that the CD is required to earn a rate of interest of not less than the current market rate;
- (3) Clarifying that the CD have a maturity of one year for the initial period with an option for renewal or until the loan is paid in full; and
- (4) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the records of votes of the members of your Committees on Agriculture and Economic Development & Business Concerns that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1662, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1662, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Agriculture and
Economic Development & Business
Concerns,



KYLE T. YAMASHITA, Chair



CLIFT TSUJI, Chair



