

STAND. COM. REP. NO.

1235

Honolulu, Hawaii

MAR 18 2019

RE: H.B. No. 530
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred H.B. No. 530, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to expand the availability of agricultural loans by committing certain monies available in the state treasury for the creation of linked investments through agreements with eligible lending institutions.

Your Committee received testimony in support of this measure from the O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i and one individual. Your Committee received comments on this measure from the Department of Agriculture and Department of Budget and Finance.

Your Committee finds that one method to support agriculture is the linked investment concept, which began in Iowa and has successfully helped diversify Iowa's agricultural-based economy, has been expanded to assist women- and minority-owned small businesses, and has helped increase employment opportunities for rural communities facing a business closure, traditional livestock producers, and others.



Your Committee further finds that under a linked investment program for agriculture proposed by this measure, a person or enterprise proposing to engage in an agricultural enterprise would apply to a lending institution that will evaluate the proposal and certify the applicant as an eligible borrower. The institution would then prepare a linked investment loan package and submit it to the Director of Finance. If the Director accepts the loan package, the Director will place a certificate of deposit for the loan amount with the lending institution.

Your Committee believes that expanding the availability of agricultural loans through a linked investment program will help local farmers increase and diversify agricultural production in furtherance of the sustainability and self-sufficiency goals of the State.

Your Committee has amended this measure by:

- (1) Authorizing, rather than requiring, the Director of Finance to consider the availability of state funds when accepting or rejecting a linked investment loan package;
- (2) Requiring the Director of Finance to approve certificates of deposit renewals;
- (3) Limiting certificates of deposit renewals to five additional one-year periods, to conform to section 36-21, Hawaii Revised Statutes;
- (4) Clarifying that certificates of deposit are not to be considered security for the linked investment;
- (5) Prohibiting the Director of Finance from investing in linked investments more than \$5,000,000 of monies available in the state treasury for deposit under section 38-2, Hawaii Revised Statutes;
- (6) Appropriating funds to the Department of Budget and Finance to hire one full-time equivalent position to administer the new linked investment program;
- (7) Amending section 1 to reflect its amended purpose; and



- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Agriculture and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 530, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 530, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Agriculture and
Environment,



MIKE GABBARD, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Agriculture and Environment
AEN

Bill / Resolution No.:*	Committee Referral:	Date:		
HB530, HD1	AEN, WAM	03.11.2019		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	X			
RUDERMAN, Russell E. (VC)		X		
RHOADS, Karl	X			
THIELEN, Laura H.		X		
FEVELLA, Kurt				X
TOTAL	2	2	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes