

STAND. COM. REP. NO. 2401

Honolulu, Hawaii

FEB 15 2024

RE: S.B. No. 3024

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred S.B. No. 3024 entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURAL LOANS,"

begs leave to report as follows:

The purpose and intent of this measure is to reduce and set fixed interest rates for loans under the Agricultural Loan Program.

Your Committee received testimony in support of this measure from the Department of Agriculture and Hawai'i Farm Bureau.

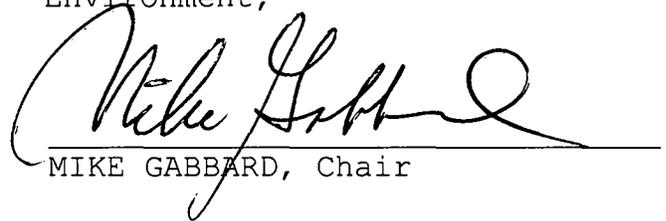
Your Committee finds that to reach the State's goal of doubling local food production by 2030, access to affordable credit and financing is critical to assist existing farms and ranches and to encourage new entrepreneurs to enter the agricultural industry. Your Committee notes that the drastic increase in interest rates in late 2022 caused the interest rate for loans under the Agricultural Loan Program to double from 3.25 percent in December 2022, to 6.5 percent in January 2023. According to testimony received by your Committee, the agricultural industry in the State is already struggling with high input and land costs, increasing inflation, supply chain disruptions, climate change, natural disasters, and loss of markets due to reduced tourism. Your Committee recognizes that setting a fixed interest rate for loans under the Agricultural Loan Program would eliminate confusion and inequity for borrowers



based on when they received approval for their loans and increase the cash flow for capital-intensive farming and ranching operations.

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 S.B. No. 3024 and recommends that it pass Second Reading 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



