

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



SHARON HURD
Chairperson, Board of Agriculture

DEXTER KISHIDA
Deputy to the Chairperson

State of Hawai'i
DEPARTMENT OF AGRICULTURE
KA 'OIHANA MAHI'AI
1428 South King Street
Honolulu, Hawai'i 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

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

**BEFORE THE HOUSE COMMITTEE
ON AGRICULTURE & FOOD SYSTEMS**

**FEBRUARY 14, 2024
9:15AM
CONFERENCE ROOM 325**

**HOUSE BILL NO. 2335
RELATING TO AGRICULTURAL LOANS**

Chair Gates, Vice Chair Kahaloa and Members of the Committee:

Thank you for the opportunity to present testimony on House Bill 2335. This bill permanently sets affordable interest rates for the agricultural loan program which benefits farmers by making planning for borrowing easier. The Department strongly supports this bill.

In order to reach the State's goal of doubling local food production, access to affordable capital will be critical to help struggling farms and ranches and to encourage new entrepreneurs to begin farm and ranching operations. The bill lowers the interest rate from the current rate of 7.5% to 4% for qualified farmers and allows for a lower rate of 2% for emergency loans. The lower interest will assist the agricultural industry that is already struggling with high input and land costs, increasing inflation, supply chain disruptions, climate change and disasters and loss of markets due to reduced tourism. Since farming and ranching are capital intensive, new farmers often have to take on debt to get started and having a favorable interest rate will greatly benefit their operation and provides the best chance for success.



The program's rates are set semi-annually and the drastic increase in interest rates in late 2022 resulted in the doubling of rates for the program's loans approved in December versus those approved in January from 3.25% to 6.50%. Having a fixed rate would eliminate inequities in loan interest rates resulting from the semi-annual changes in interest rates.

Thank you for the opportunity to testify.



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

February 14, 2024

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS

TESTIMONY ON HB 2335
RELATING TO AGRICULTURAL LOANS

Conference Room 325 & Videoconference
9:15 AM

Aloha Chair Gates, Vice-Chair Kahaloa, 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 HB 2335, which reduces and sets fixed interest rates for loans under the Agricultural Loan 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, increased employment opportunities, and address Hawai'i's goals of increased self-sufficiency and sustainability.

Hawai'i farmers and ranchers have and will continually have their operations impacted by natural disasters, global epidemics, pests, diseases, high winds, thunderstorms, hurricanes, fires, floods, earthquakes, lava flow, vog or other volcanic activity, droughts, and tsunamis. Supply chain issues and other shipping disruptions, livestock diseases, and crop blight are also challenging for agricultural producers. These unexpected disasters can result in devastating economic damage and emergency financial assistance is critical to help our farmers and ranchers recover from production and physical losses.

HDOA loan program with lower interest rates will assist farmers and ranchers access capital to build capacity as well as respond to emergencies to help repair damaged infrastructure, replant crops, or replace equipment and supplies allowing them to continue farming or ranching.

Thank you for the opportunity to testify in support of this measure.