

Honolulu, Hawaii

FEB 10 2025

RE: S.B. No. 1303
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred S.B. No. 1303 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:

- (1) Update the Agricultural Loan Program by lowering interest rates, increasing and standardizing loan limits, and reducing the number of credit denials;
- (2) Authorize the Program to issue lines of credit;
- (3) Create a new class of loans to encourage large scale agriculture of import replacement crops grown for the Farm to State Program; and
- (4) Appropriate funds.

Your Committee received testimony in support of this measure from the Department of Agriculture; Ulupono Initiative; Hawai'i Farmers Union United; Hawaii Cattlemen's Council, Inc.; Hawai'i Farm Bureau; and two individuals.

Your Committee finds that as the State moves toward becoming more self-sufficient in food production, farmers will continue to



face significant increased costs. With inflation and the increasing costs of production, your Committee recognizes that access to affordable credit is more critical than ever. Your Committee further finds that the Agricultural Loan Program needs to be updated to meet the current needs and requirements of the agricultural industry. Your Committee notes that setting a fixed interest rate for loans under the 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. This measure seeks to efficiently meet the anticipated demand for agricultural loans, especially those used to invest in large scale import replacement crops and crops grown for state agencies, thereby enhancing the State's efforts to meet its food security and sustainability goals.

Your Committee has amended this measure by 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 S.B. No. 1303, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1303, 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



