

Honolulu, Hawaii

FEB 11 2026

RE: S.B. No. 2309  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Third State Legislature  
Regular Session of 2026  
State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred S.B. No. 2309 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) Require the Agricultural Loan Division of the Department of Agriculture and Biosecurity to sell portions of its loan portfolio to permitted third parties, with proceeds to be deposited into the Agricultural Loan Revolving Fund; and
- (2) Appropriate funds out of the Agricultural Loan Revolving Fund to increase its expenditure ceiling and thereby expand access to agricultural loan financing and support local food production.

Your Committee received testimony in support of this measure from the Department of Agriculture and Biosecurity, Department of Research and Development of the County of Hawai'i, Hawai'i Farm Bureau, Agriculture Stewardship Hawai'i, Ulupono Initiative, Hawaii Floriculture and Nursery Association, and two individuals.

Your Committee finds that there is an urgent need to expand financing options for agricultural producers in the State. While



approving nearly \$5,000,000 in loans in 2025, the Agricultural Loan Division of the Department of Agriculture and Biosecurity has exceeded its available funds because of the Agricultural Loan Revolving Fund's annual expenditure ceiling. Your Committee believes it is critical for the Agricultural Loan Division to have reliable access to capital due to recent increased demand for agricultural loans. This measure will help farmers and ranchers invest in land preparation, equipment, and infrastructure necessary for their long-term productivity by granting the Agricultural Loan Division flexibility regarding its loan portfolio and appropriating further funds out of the Agricultural Loan Revolving Fund.

Your Committee acknowledges the concerns raised in testimony by the Department of Agriculture and Biosecurity and Department of Research and Development of the County of Hawaii regarding the requirement for the Agricultural Loan Division to sell a specified amount of its loan portfolio, as this could result in inequitable terms for the State and limits its negotiating power with potential buyers. Therefore, amendments to this measure are necessary to provide greater flexibility for the Division to meet the needs of the State's farmers.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that the Agricultural Loan Division of the Department of Agriculture and Biosecurity is authorized, but not required, to sell portions of its loan portfolio;
- (2) Inserting a blank appropriation amount;
- (3) Amending section 1 to reflect its amended purpose;
- (4) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes that this measure, as amended, contains an unspecified appropriation amount. Should your Committee on Ways and Means choose to deliberate on this measure, your



Committee respectfully requests that it consider inserting an appropriation amount of \$10,000,000 to increase the expenditure ceiling of the Agricultural Loan Revolving Fund.

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. 2309, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2309, 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



