

ACT 181

S. B. NO. 30

A Bill for an Act Relating to the Establishment of an Aquaculture Loan Program.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The Hawaii Revised Statutes is amended by adding a new chapter to be appropriately designated and to read as follows:

**“CHAPTER
AQUACULTURE LOAN PROGRAM**

Sec. -1 Findings and purpose. The legislature finds that:

- (1) Aquaculture is a potentially viable industry for the State.
- (2) Conventional financial institutions traditionally do not provide loans in the initiating stages for the establishment of new industries.
- (3) No present State agency or program has the authority to financially assist an enterprise engaged in aquaculture.
- (4) The State should initiate a loan program to assist aquaculture and the techniques of aquaculture as a new industry.

The purpose of this Act is to establish a loan program to financially assist in the development of aquaculture in the State.

Sec. -2 Definitions. As used in this chapter:

- (1) ‘Aquaculture’ means the production of aquatic plant and animal life for food and fiber within the ponds and other bodies of water that are within the real property for which real property taxes are assessed and paid by the owner or producer.
- (2) ‘Board’ means the board of agriculture of the department of agriculture.
- (3) ‘Qualified aquaculturalist’ means a person, or association of persons, actively engaged in aquaculture farming, aquaculture produce processing, or aquacultural product development activities.

Sec. -3 Hawaii aquaculture loan program. There is established the Hawaii aquaculture loan program to be administered by the board of agriculture.

Sec. -4 Hawaii aquaculture revolving loan fund. There is a special fund to be known as the aquaculture revolving loan fund from which monies shall be loaned by the department of agriculture under this chapter. All interest and fees collected by the department shall be deposited in a loan reserve fund to the extent needed to carry on the operations of this program. All payments received on account of principal shall be credited to the revolving loan program.

Sec. -5 Rules and regulations. The board of agriculture shall have the necessary powers to carry out the purposes of this chapter, including the following:

- (1) Prescribe the qualifications for eligibility of applicants for loans.
- (2) Establish preferences and priorities in determining eligibility for loans and loan repayment requirements.
- (3) Establish the conditions, consistent with the purposes of this chapter, for the granting or for the continuance of a grant of a loan.
- (4) Provide for inspection at reasonable hours of the plant facilities,

books and records of an enterprise which has applied for or has been granted a loan and to require the submission of progress and final reports.

- (5) To make loans for aquacultural products development, such as financing of plant construction, conversion, expansion, the acquisition of land for expansion, the acquisition of equipment, machinery, supplies or materials or for the supplying of working capital.
- (6) To authorize the board to secure loans by duly recorded first mortgages upon the following property within the State:
 - (A) Fee simple farm land;
 - (B) Leaseholds of farm land where the lease has an unexpired term at least two years longer than the term of the loan;
 - (C) Aquaculture products;
 - (D) Other chattels;
 - (E) A second mortgage when any prior mortgage does not contain provisions which might jeopardize the security position of the department or the borrower's ability to repay;
 - (F) Written agreements such as an assignment of income.
- (7) To administer the Hawaii aquaculture loan revolving fund and to deposit into the fund all monies received as repayment of loans and interest payment.
- (8) To include in its budget for subsequent fiscal periods amounts necessary to effectuate the purposes of this chapter.

Sec. -6 Loan; limitation. No single loan authorized by this chapter shall exceed fifteen per cent of the total amount deposited in the Hawaii aquaculture revolving loan fund.

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$500,000, or so much thereof as may be necessary, for the purposes of this Act.

SECTION 3. The sum appropriated shall be expended by the department of agriculture for the purposes of this Act.

SECTION 4. This Act shall take effect upon its approval.

(Approved June 7, 1971.)