

ACT 19

H.B. NO. 6

A Bill for an Act Relating to Farm Loans.

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

SECTION 1. Section 155-8, Hawaii Revised Statutes, is amended to read:

"Sec. 155-8 Direct loans. (a) The department of agriculture may make loans directly to qualified farmers who are unable to obtain sufficient funds at reasonable rates from private lenders either independently or under sections 155-5 and 155-6, or from the Farmers Home Administration either directly or under section 155-7.

(b) Loans made under this section shall be limited by sections 155-9 to 155-13.

(c) Loans made under this section shall bear simple interest on the unpaid principal balance, charged on the actual amount disbursed to the borrower. Interest on all classes of loans shall not be more than the sum of one per cent above the lowest rate of interest charged by all banks, either commercial banks within the meaning of section 403-3, or national banks excepted under section 403-10, doing business in the State, on unsecured short term loans made to borrowers in the State, who have the highest credit rating with such banks; provided, if the money loaned is borrowed by the department, then the interest on loans of such classes shall not exceed the rate of interest set by the board of agriculture, as provided for within this chapter or one per cent over the cost to the State of borrowing the money, whichever is greater.

(d) For loans made under this section, funds shall be disbursed in accordance with regulations of the department."

SECTION 2. In addition to any loans under Section 1 of this Act the department of agriculture shall make loans to independent sugar growers as provided in this Section. As used in this section, "independent sugar grower" means a grower of raw sugar, testing 96 sugar degrees by the polariscope, determined in accordance with regulations of the United States Department of Agriculture; provided that this term shall not include any producer of sugar, other than as a member of a processing cooperative, who processes his own sugar cane; provided further that as to the grower, sugar production shall not exceed 3,000 tons per year.

The department of agriculture shall make loans to independent sugar

growers under this section at an interest rate not to exceed two per cent per year for which no collateral shall be required and there shall be no limit on the amount of a loan to the independent sugar growers as defined herein. The loans shall be made to independent sugar growers upon such terms as provided by rules adopted by the department of agriculture under chapter 91, Hawaii Revised Statutes. The loans shall be administered by the farm loan division of the department of agriculture. In making such loans the department of agriculture shall follow the intent of the legislature that loans made under this section are to assist independent sugar growers with supplemental direct loans to cover deficits through this time period in which there are insufficient national protections concerning sugar importation. The term deficit as used herein shall include (1) any shortages for repayment of loans made by commercial lending institutions for crop production expenses which shall be repaid from revenues of sugar crop harvest and (2) that portion of the total loan required for production expenses, but which amount is not available from commercial lending institutions without requiring collateral other than the crop itself, for crop plantings over the next 24 months. Loans shall be made under this section for a period of not more than twenty-four months after the effective date of this Act.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$1,500,000, or so much thereof as may be necessary, for the purposes of making farm loans to independent sugar growers as provided in section 2 of this Act. The sum appropriated shall be expended by the department of agriculture for the purposes of this Act. All sums appropriated under this section which are not expended or encumbered twenty-four months after the effective date of this Act shall lapse.

SECTION 4. Statutory material to be repealed is bracketed. New material is underscored. In printing this Act, the revisor of statutes need not include the brackets, the bracketed material, or the underscoring.*

SECTION 5. This Act shall take effect upon its approval.

(Approved July 5, 1977.)

*Edited accordingly.