

A Bill for an Act Relating to Aquaculture Loans.

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

SECTION 1. Section 219-4, Hawaii Revised Statutes, is amended to read:

“Sec. 219-4 Hawaii aquaculture revolving loan fund. There is established a special fund to be known as the aquaculture revolving loan fund from which moneys 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.”

SECTION 2. Section 219-5, Hawaii Revised Statutes, is amended to read:

“Sec. 219-5 Rules and regulations. The department of agriculture shall have the powers necessary 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 purpose 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 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, consistent with section 219-6.
- (6) To authorize the department 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 moneys 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.
- (9) Insure loans made to qualified aquaculturists by private lenders under sections 219-7 and 219-8; provided that at no time shall the aggregate amount of the State's liability, contingent or otherwise, on such loans exceed \$1,000,000.
- (10) Participate in loans made to qualified aquaculturists by private lenders under section 219-8.
- (11) Establish interest rates chargeable by the State for direct loans and by private lenders for insured and participation loans.
- (12) Maintain a proper reserve in the aquaculture loan revolving fund to guarantee payment of loans insured under sections 219-7 and 219-8."

SECTION 3. 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 4. This Act shall take effect upon its approval.

(Approved May 18, 1978.)

*Edited accordingly.