

ACT 178

S.B. NO. 1657

A Bill for an Act Relating to Sugar Producers Crop Loans.

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

SECTION 1. The purpose of this Act is to prevent the abandonment of sugarcane farms whose costs of production exceed their returns, until such time as adequate returns are received, or the prospects for such returns are deemed unrealistic. Act 19, Special Session Laws of Hawaii 1977, is amended by extending the coverage to larger farms, making an additional appropriation, and extending the time limit for loans.

SECTION 2. Act 19, Special Session Laws of Hawaii 1977, as amended by Act 189, Session Laws of Hawaii 1978, is amended by amending section 2 to read as follows:

“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 sugarcane.

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, (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 twenty-four months, and (3) any loss on sugarcane production operations of a farm that is on an annual accounting basis, irrespective of the source of operating funds, with a guarantee of the farm loans by a responsible company; provided expenses for equipment and other capital items shall not be included to compute operating loss. Loans shall be limited to cover either deficits on repayment of production loans and loans required for production expenses or loss on sugarcane production operations,

described herein as deficits (1), (2), and (3). Loans shall be made under this section from appropriations in section 3 of this Act for a period of not more than twenty-four months after July 5, 1977. Loans shall be made under this section from appropriations in section 3.5 of this Act for a period of not more than twenty-four months after the effective date of this Act. Loans shall be made under this section from appropriations in section 3.7 of this Act for a period of not more than thirty-six months after July 1, 1979.”

SECTION 3. Act 19, Special Session Laws of Hawaii 1977, as amended, is amended by adding a new section to read as follows:

“SECTION 3.7. There is appropriated out of the general revenues of the State of Hawaii the sum of \$3,200,000, or so much as may be necessary, for the purposes of making farm loans to independent sugarcrowers as provided in section 2 of the Act, provided that no less than \$1,200,000 of this appropriation shall be loaned to growers whose sugar production is less than † 4,000 tons per year and that no more than \$2,000,000 of this appropriation shall be loaned to growers whose sugar production exceeds 4,000 tons per year. Loans to growers whose production exceed 4,000 tons per year shall be made for a term not to exceed three years with no requirement on installment repayment of principal, provided that payments for annual interest are maintained and that the entire amount of loan is due and payable at the end of three years. 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 thirty-six months after the effective date of this Act shall lapse.”

SECTION 4. Statutory material to be repealed is bracketed. New material is underscored.*

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

(Approved June 5, 1979.)

†“Than” substituted for “that” to correct obvious clerical error.

*The text has been edited pursuant to HRS §23G-16.5. authorizing omission of the brackets, bracketed material, and underscoring.