

ACT 254

H.B. NO. 1949-82

A Bill for an Act Relating to Loans.

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

SECTION 1. The legislature finds that besides the large sugar plantations dating back many decades, that a number of small independent sugar growers exist in the State. These independent growers are often too small to have sufficient capital reserves to weather the large-scale adverse effects of the international sugar market we have been experiencing lately.

In the past, the problems, during such adverse periods, of the independent growers have been very positively addressed by special loan programs through the state department of agriculture. The Honorable Jack K. Suwa, Chairman of the State Board of Agriculture, recently stated that "this program has proven to be very effective in supporting the independent sugar growers during the difficult years". In his summary of the program, Chairman Suwa noted that Act 19, from the 1977 Special Session of the legislature, appropriated \$1,500,000 in loan funds. An addi-

tional \$750,000 was added by Act 189 of the 1978 session, and the final \$3,200,000 was added by Act 178 from the 1979 session. This totaled \$5,450,000 in appropriated loan funds for the program.

Some 952 loans were authorized under the program, totaling \$5,202,644 in principal, leaving an appropriation balance of \$247,356.

Of this \$5,202,644 loaned out, some \$1,900,222 in principal has been repaid, which represents 528 of the 952 loans repaid in full. Portions of 424 loans remain outstanding, with a principal amount of \$3,302,422. One loan, of \$2,000,000 to Mauna Kea Sugar is due December 1982, leaving the smaller portion of amounts due (\$1,302,422) representing the remaining 423 small independent grower loans.

Chairman Suwa has recommended that the existing acts and the remaining appropriated balance be allowed to lapse, and a new bill be introduced with an appropriation of \$2,000,000 for loans to independent sugar growers, with an effective date upon approval. This is the purpose of this Act.

SECTION 2. Act 19, Sections 2 and 3, Special Session Laws of Hawaii 1977; Act 189, Session Laws of Hawaii 1978; and Act 178, Session Laws of Hawaii 1979; are repealed. Any funds appropriated in such Acts and unencumbered shall lapse into the general fund.

SECTION 3. Chapter 155, Hawaii Revised Statutes, is amended by adding a new section to be appropriately numbered and to read:

**"§155- Loans to independent sugar growers.** (a) In addition to any loans authorized under this chapter, the department of agriculture shall make loans to independent sugar growers as provided in this section.

(b) As used in this section, "independent sugar growers" 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 the producer's own sugarcane and the grower's production of raw sugar does not exceed 4,500 tons per year.

(c) The department of agriculture shall make loans to independent sugar growers under this section at an interest rate not to exceed two per cent a 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 in this section. The loans shall be made to independent sugar growers upon such terms as provided by existing rules adopted under Act 19, Session Laws of Hawaii, First Special Session 1977, until the amendment or repeal of the rules by the department of agriculture and the adoption of new rules by the department of agriculture under chapter 91. The loans shall be administered by the agricultural loan division of the department of agriculture.

(d) In making rules and loans to 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 the time period in which there are insufficient national protections concerning sugar importation. The term deficit as used in this subsection 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.

(e) Loans under this section shall be limited to cover either deficits on repayment of production loans and loans required for production expenses described in subsection (d) as deficits.”

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$2,000,000, or so much thereof as may be necessary for fiscal year 1982-1983 for the purpose of making farm loans to independent sugar growers as provided in section 3 of this Act. All sums appropriated under this section which are not expended or encumbered twenty-four months after July 1, 1982, shall lapse into the general fund. The sum appropriated shall be expended by the department of agriculture for the purposes of this Act.

SECTION 5. New statutory material is underscored.<sup>1</sup>

SECTION 6. This Act shall take effect upon its approval.

(Approved June 16, 1982.)

**Note**

1. Edited pursuant to HRS §23G-16.5.