

ACT 259

S.B. NO. 3013

A Bill for an Act Relating to Agricultural Loans.

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

SECTION 1. Section 155-3, Hawaii Revised Statutes, is amended to read as follows:

“§155-3 Restriction. Loans provided for by this chapter shall be authorized only if such loans cannot be made by the Farmers Home Administration [or the Production Credit Association of Hawaii or the Federal Land Bank Association of Hawaii or the Sacramento Bank for Cooperatives]; the applicable farm credit system bank; and by two other private lenders.; provided that the board of agriculture may waive this requirement for emergency loans.”

SECTION 2. Section 155-8, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

“(c) Loans made under this section shall bear simple interest on the unpaid principal balance, charged on the actual amount disbursed to the borrower. The interest rate on [class “A” and class “B” loans shall be the rate charged for similar type loans by the Federal Land Bank Association of Hawaii; the interest rate on class “C” loans shall be the interest rate charged for similar type loans by the Hawaii Production Credit Association; the interest rate charged on class “E” loans shall be two per cent less than the rate charged for similar type loans by the Sacramento Bank for Cooperatives; and the] loans of classes “A”, “B”, “C”, and “E” shall be at a rate of one per cent below the prime rate or at a rate of seven and one-half per cent a year, whichever is less. For purposes of this subsection, the prime rate shall be determined on January 1 and July 1 of each year, and shall be the prime rate charged by the two largest banks in the State identified by the department of commerce and consumer affairs. If the prime rates of the two largest banks are different, the lower prime rate of the two shall apply. The interest rate on class “F” loans shall be six per cent a year; provided if]. If the money loaned is borrowed by the department, then the interest on loans of such classes shall be the rate [charged by the appropriate farm credit bank for similar type loans] as determined above or one per cent over the cost to the State of borrowing the money, whichever is greater. Interest on class “D” loans shall not be less than three per cent a year.”

SECTION 3. Section 155-10, Hawaii Revised Statutes, is amended to read as follows:

“§155-10 General eligibility requirements for loans. To be eligible for loans under this chapter, an applicant shall be:

- (1) A qualified farmer, or a person under the new farmer program;
- (2) A citizen of the United States who has resided in the State for at least three years, or any alien who has resided in the State for at least five years; provided that this requirement shall not apply to applicants for class “D” loans who otherwise qualify. In the case of partnerships and corporations, the residence requirement must be met by seventy-five per cent of the members or stockholders [who are qualified farmers];
- (3) A sound credit risk with the ability to repay the money borrowed; and
- (4) Willing to carry out recommended farm management practices.”

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

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

(Approved June 25, 1990.)