

ACT 76

H.B. NO. 1841

A Bill for an Act Relating to Aquaculture Loans.

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

SECTION 1. Chapter 219, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§219- Direct loans. (a) The department of agriculture may make loans directly to qualified aquaculturists who are unable to obtain sufficient funds at reasonable rates from private lenders either independently or under section 219-7 or 219-8. Loans made under this section shall be authorized only if loans cannot be obtained from the relevant farm credit lender and two other private lenders.

(b) Loans made under this section shall be limited by section 219-6.

(c) Loans made under this section shall bear simple interest on the unpaid principal balance, charged on the actual amount disbursed. The interest rate for class “A”, class “B”, and class “C” loans shall be set by rule, pursuant to chapter 91.”

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

“**§219-5 Rules [and regulations].** The department of agriculture shall have the necessary powers 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] that 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] that might jeopardize the security position of the department or the borrower’s ability to repay; and
 - (F) Written agreements, such as [an assignment] assignments of income.
- (7) To administer the Hawaii aquaculture loan revolving fund and to deposit into the fund all moneys received on account of principal.
- (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 aquaculturalists 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] these loans exceed \$1,000,000.
- (10) Participate in loans made to qualified aquaculturalists by private lenders under section 219-8.
- (11) Make direct loans to qualified aquaculturists as provided under section 219-_____.
- [(11)] (12) Establish interest rates chargeable by the State for direct loans and by private lenders for insured and participation loans.
- [(12)] (13) 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 statutory material is underscored.¹

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

(Approved May 25, 1995.)

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Note

1. Edited pursuant to HRS §23G-16.5.