

ACT 157

S.B. NO. 5

A Bill for an Act Relating to Agricultural Loans.

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

SECTION 1. The legislature finds that in the past, state government has not encouraged the exportation of goods to infuse capital into our local economy. Consequently, the export potential of markets such as the agricultural industry remains relatively untested and undefined. The legislature also finds that countries, like Japan, lack agricultural resources to feed their population and depend on other nations, like Tonga, for their food supply. A more productive agricultural loan program would encourage farmers to export crops and livestock to compete in the world marketplace and help Hawaii's farmers to be more economically viable and productive.

The purpose of this Act is to:

- (1) Provide agricultural loans to qualified farmers to export crops and livestock; and
- (2) Appropriate funds from the agricultural loan revolving fund to farmers in economically depressed areas.

SECTION 2. Section 155-9, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (d) to read:

“(d) Class C: Farm operating loans shall be for the purpose of carrying on and improving a farming operation, including:

- (1) The purchase of farm equipment and livestock;
- (2) The payment of production and marketing expenses including materials, labor, and services;
- (3) The payment of living expenses; [and]
- (4) The liquidation of indebtedness incurred for any of the foregoing purposes[.]; and
- (5) The exportation of crops and livestock.

The loans shall be for an amount not to exceed \$400,000 and for a term not to exceed ten years. To be eligible, an applicant shall derive, or present an acceptable plan to derive, a major portion of the applicant's income from and devote, or intend to devote, most of the applicant's time to farming operations.”

2. By amending subsection (f) to read:

“(f) Class E: Loans to cooperatives and corporations shall provide credit to farmers' cooperative associations and corporations engaged in marketing, purchasing, and processing, and providing farm business services, including:

- (1) Facility loans to purchase or improve land, building, and equipment for an amount not to exceed \$500,000 and a term not to exceed twenty years; [and]

- (2) Operating loans to finance inventories of supplies, warehousing, and shipping commodities, extension of consumer credit to justified farmer-members, and other normal operating expenses for an amount not to exceed \$300,000 and a term not to exceed seven years[.]; and
- (3) The exportation of crops and livestock.

To be eligible, a cooperative or corporation shall have a majority of its board of directors and a majority of its membership as shareholders who meet the eligibility requirements of section 155-10 and who devote most of their time to farming operations, and the facility loans shall be for an amount not to exceed \$500,000 or eighty per cent of the cost of the project, whichever is the lesser.”

SECTION 3. There is appropriated out of the agricultural loan revolving fund of the State of Hawaii the sum of \$2,500,000 or so much thereof as may be necessary for fiscal year 1999-2000 for loans to farmers in economically depressed areas; provided that:

- (1) Any principal collected shall be deposited into the agricultural loan revolving fund and interest collected shall be deposited into the agricultural loan reserve fund;
- (2) Loans under this Act shall be subject to the provisions of Act 118, Session Laws of Hawaii 1998; and
- (3) The department of agriculture, in its annual report, shall report on loans made from the agricultural loan revolving fund to qualified farmers in economically depressed areas.

SECTION 4. The sum appropriated shall be expended by the department of agriculture for the purposes of this Act.

SECTION 5. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 6. This Act shall take effect on July 1, 1999.

(Approved June 28, 1999.)