

A Bill for an Act Relating to Agriculture.

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

PART I

SECTION 1. The legislature finds that the sugar cane industry remains as a vital component of the island of Kauai's economic base. The industry employs approximately seven hundred workers and uses about twenty-five thousand acres of land for cultivation on Kauai. As a user of large tracts of land and a provider of many jobs, the sugar cane industry is without parallel, especially to neighbor island rural communities as on Kauai.

The legislature further finds that the sugar industry on Kauai is struggling to survive and in urgent need of financial assistance to continue operations. Past experience with sugar cane company shutdowns, such as in Hamakua, has shown that the closures have come at a great cost, both financially and socially, to the persons employed and to the State in general.

The legislature further finds that due to the emergency situation of the sugar industry on Kauai and because of the large scale of operations, additional funding is needed for the agricultural loan revolving fund to enable the department of agriculture to carry out appropriate loan programs.

The purpose of this Part is to appropriate the sum of \$2,500,000 in fiscal year 2000-2001 to be deposited into the agricultural loan revolving fund to finance major sugar cane operations on Kauai to encourage the continuation of sugar production on that island. An additional sum of \$2,500,000 will be earmarked from the agricultural loan revolving fund for this Part.

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$2,500,000 or so much thereof as may be necessary for fiscal year 2000-2001 to be deposited into the agriculture loan revolving fund to finance major sugar cane operations on the island of Kauai to encourage the continuation of sugar production on that island.

SECTION 3. There is appropriated out of the agriculture loan revolving fund the sum of ~~\$5,000,000~~ \$2,500,000¹ or so much thereof as may be necessary for fiscal year 2000-2001 to finance major sugar cane operations on the island of Kauai to encourage the continuation of sugar production on that island.

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

SECTION 5. Notwithstanding chapter 155, Hawaii Revised Statutes, or any other law to the contrary, the department of agriculture may make direct loans to qualified farmers under section 155-8, Hawaii Revised Statutes, in the aggregate amount of \$5,000,000 from the agriculture loan revolving fund to finance major sugar cane operations on the island of Kauai to encourage the continuation of sugar production on that island. The board of agriculture may waive any statutory requirement specified under chapter 155, Hawaii Revised Statutes, as deemed necessary to effectuate this Part, with the exception of the following conditions:

- (1) Interest charged shall not be less than three per cent per year simple interest;
- (2) The term of the loan shall not exceed ten years; and

- (3) Collateral shall consist of not less than a first lien position in rolling stocks and crops and the pledging of other assets as deemed reasonable by the board of agriculture.

The credit elsewhere requirement shall be waived.

PART II

SECTION 6. The legislature finds that papaya is a vital component of the island of Hawaii's economic base. The industry grows papaya on two thousand five hundred acres of land across the island but primarily in the Puna district. Papayas are grown on more than five hundred independent family farms and the industry employs approximately two thousand workers.

The Big Island's papaya industry has historically produced more than ninety per cent of the State's papayas. In 1992, the dreaded papaya ringspot virus (PRSV) was found at Pahoia, Puna, and in three years, it virtually eliminated papaya production in the district. Island production dropped from more than sixty million pounds in 1992 to less than thirty million pounds in 1999. As a result, the Big Island's production now comprises only sixty-five per cent of the State's papaya production.

Although the genetically-engineered Rainbow and Sunup varieties are resistant to PRSV and are being planted in hundreds of acres in the Puna district and elsewhere on the island, consumer acceptance to genetically-engineered products may dictate a need to restore the favored Kapoho Solo variety to the Puna district. The incidence of PRSV must be severely reduced, with the long-term goal of complete eradication if the Big Island papaya industry is to return to prominence in Hawaii's diversified agriculture. The elimination of PRSV can only be accomplished by removing every diseased and susceptible papaya plant on the island in a timely manner. This goal can be accomplished only through the cooperation of industry, government, and the private sector, a task which industry and the private sector are willing to pursue.

SECTION 7. There is appropriated out of the general revenues of the State of Hawaii the sum of \$800,000 or so much thereof as may be necessary for fiscal year 2000-2001 to be expended for intensive control of the papaya ringspot virus, leading to eradication of the virus from the island of Hawaii.

The sum appropriated shall be expended by the department of agriculture for the purposes of this Part.

SECTION 8. This Act shall take effect on July 1, 2000.

(Approved June 14, 2000.)

Note

1. Item vetoed, replaced, and initiated "BJC".